In front of a bank of television cameras and radio microphones, the new Institute for Justice Texas Chapter (IJ-TX) opened for business with a challenge to a Texas law requiring computer repair shops to obtain a private investigator's license to analyze their customers' data.

According to the government, the law covers any type of data analysis that looks into the "conduct of persons" or the "causes of events." This definition encompasses everything from parents seeking to know whom their child has been chatting with online to a technician informing a business owner that her computer was infected by a virus when an employee visited prohibited websites.

Practicing without a government-mandated license is punishable by criminal penalties of up to one year in jail and a $4,000 fine, in addition to civil penalties of up to $10,000 per violation. Worse, consumers face those same penalties if they knowingly use an unlicensed repair technician.

The Texas Private Security Board, the state agency charged with enforcing the law, has issued a series of increasingly aggressive interpretations of the new statute. Those interpretations clearly put computer repair entrepreneurs who must now secure a private investigator's license to continue solving their customers' computer problems.
Mercedes Clemens is a massage therapist who works with some very special clients. Most of them weigh over 1,000 pounds and engage in physically demanding activities. Like people, they enjoy a good massage to relax at the end of the day and to loosen sore muscles after athletic activities. Mercedes is an animal massage therapist; her clients are horses.

At least they were, until her growing business caught the eye of Maryland bureaucrats. Although it may sound like an unusual occupation, growing numbers of horse and small-animal owners are buying massage services for their animals. Animal massage was also the perfect change of pace for Mercedes who, after 15 years in the graphic-design and publishing industries, wanted a chance to combine her entrepreneurial spirit with a lifelong love of horses. In 2006, after successfully completing two courses in equine massage and being privately certified by an animal-massage school, Mercedes set up a website for her equine-massage business and began obtaining clients in Maryland. Since then, Mercedes has continued her education, become a Maryland-licensed massage therapist and has even taught others how to perform animal massage.

Up to this point, Mercedes’ story is a classic example of American entrepreneurship. So imagine her surprise when, this past February, the Maryland Board of Chiropractic Examiners—the group that licenses massage therapists who work on people—and the Maryland State Board of Veterinary Medical Examiners ordered Mercedes to take down her website immediately and shut down her successful business.

According to these boards, by massaging horses Mercedes is practicing “veterinary medicine.” Unless Mercedes restricts her practice to massaging people, they have threatened her with thousands of dollars in fines, the revocation of her massage-therapist license and even criminal prosecution. Her only other option is to become a fully licensed veterinarian by spending $150,000 and four years at veterinary school. As a result, Mercedes has had to put her promising new career on hold.

Nobody thinks that only medical doctors should be allowed to massage people, and it is equally absurd to insist that only veterinarians can massage animals. Shutting out skilled practitioners like Mercedes is actually likely to result in worse care for animals; veterinary schools teach little to nothing about animal massage and few veterinarians even offer the service. The result is a lose-lose-lose proposition for entrepreneurs, horse owners and horses. It puts those with the experience and skill to care for horses out of work, while forcing Maryland horse owners to pay more for lower-quality care or go without care altogether.

Thankfully, Mercedes Clemens is fighting back. Represented by the Institute for Justice, Mercedes filed a lawsuit on June 10, 2008, challenging the constitutionality of the veterinarians’ animal-massage monopoly. Her fight is about more than just the right to perform animal massage. By taking on Maryland’s chiropractic and veterinary boards, Mercedes wants to strike a blow for all Maryland entrepreneurs who want nothing more than what the Maryland Constitution guarantees them: the right to pursue an honest calling free from unreasonable regulation.

Paul Sherman is an Institute for Justice staff attorney.
Overcoming An Inconvenient Law

By Lee McGrath

Laws that are pro-business are not necessarily pro-free enterprise. Entrepreneurs like Bruce Ebnet of Kasson, Minn., have seen this firsthand.

For 30 years, Bruce filled a niche in the moving industry, focusing solely on pianos. Yet, despite his unblemished record of helping people safely and securely move their prized possessions, state regulations forced Bruce to operate in the shadows—or else face steep fines and risk having his business shut down.

Since the 1950s, Minnesota has artificially limited the number of in-state household goods movers. The scheme gives existing movers a veto in the form of a “public convenience and necessity test” that requires applicants for new permits to prove to a judge that existing movers are unable to meet all the demand in a specific market. Preventing entrepreneurs like Bruce from entering the market has nothing to do with anything that is either “convenient” or “necessary” for the public, but rather has everything to do with protecting the profits of a politically powerful special interest: intrastate household goods movers.

After 50 years, the impact of the law is clear: Minnesota consumers paid the highest rates in the nation for moves within the state—30 percent higher, in fact, than those who paid for similar moves in neighboring Wisconsin and Iowa. Further, countless entrepreneurs were denied the ability to work. Instead, they would have to pay $40,000 to buy a permit from an existing permit holder. Government-created scarcity always produces high price tags.

Thankfully for consumers and the free market, Bruce would have no part of such a system. Instead of buckling under the pressure to purchase a permit after another mover blocked his application in 2004, Bruce turned to the Institute for Justice Minnesota Chapter and began a three-year campaign to convince the legislature to do away with these government-imposed barriers to honest enterprise.

On May 23, 2008, Governor Pawlenty signed a new law that ends Minnesota’s use of the public convenience and necessity test and opens the market to Bruce and other entrepreneurs. The new law goes into effect on August 1 and will put to rest furniture movers’ veto over new entrants. And, it will finally allow Bruce to pursue his American Dream without worrying about the furniture police.

Lee McGrath is IJ Minnesota’s executive director.
After Long Wait, Long Branch Homeowners Get Their Day in Court

By Scott Bullock

It took nearly two years of nerve-wracking waiting, but Long Branch, N.J., homeowners fighting eminent domain abuse finally got their day in the state appellate court on May 14.

In her dissent in IJ’s Kelo case, Justice Sandra Day O’Connor noted that, under the Supreme Court’s ruling, a city could take any Motel 6 for a Ritz-Carlton or any home for a shopping mall. The city of Long Branch added a new and possibly even more outrageous variation to Justice O’Connor’s examples. Long Branch is taking homes for other homes, condemning working-class residences to replace them with million-dollar condominiums for the wealthy.

Approximately a dozen homeowners have fought back against these unconstitutional takings. After working for years with the homeowners through our grassroots Castle Coalition, IJ took over the appeal in this case after a June 2006 trial court ruling that rubber-stamped the city government’s decision to hand over these cherished homes to a private developer. In a two-and-a-half hour argument, the three-judge panel of the appellate court examined many aspects of the case and asked probing questions of each side. Facing the judges was a packed courtroom, every seat filled with the homeowners and their supporters and many others jamming both aisles. In contrast, the only people there in support of the city were elected officials that voted for the takings and people who were paid for being there—the city’s lawyers.

The Institute for Justice asked the court to throw out the city’s condemnations or, at a minimum, to send the case back to the trial court for the presentation of evidence on why bulldozing the neighborhood violates the laws and Constitution of New Jersey. Thankfully, although New Jersey cities are some of the worst abusers of eminent domain in the nation, the state courts there are finally starting to protect the rights of home and small business owners.

Before the argument, a rally was held in support of the homeowners. The most moving remarks came from the daughter of IJ client Anna DeFaria. Anna had lived in her home in Long Branch for more than 40 years and, like several of the property owners there, she was forced to spend her golden years worrying over whether the government was going to take her small, immaculately kept home.

Tragically, Anna passed away in November 2007 from cancer at the age of 82. Less than two weeks before her passing, I was visiting with the homeowners in Long Branch. Anna was too sick to attend the meeting but, just as we were wrapping up, Anna’s daughter ran across the street and told me that Anna wanted
to see me to find out how the case was going and to look for a little while at her beloved ocean from her front door. Although I spent just a few minutes with her, it was a meeting I will never forget, as Anna told me, even in her weakened condition, that she wanted to keep fighting for her home and the homes of her neighbors.

Anna’s daughters, holding pictures of Anna and another senior citizen who had passed away during the court battle, Al Viviano, told folks at the rally that the family was keeping the home and respecting their mother’s wishes by continuing on with the appeal.

IJ will not stop fighting until all of the homes in this neighborhood are protected.

Scott Bullock is an Institute for Justice senior attorney.

New IJ Publications Show Right Way & Wrong Way To Encourage Private Development

It comes as no surprise to readers of Liberty & Law that command-and-control government policies stifle private economic development efforts and cause other unintended consequences. But when the Institute for Justice documents such facts with high-quality research and couples those reports with effective media relations, suddenly the world takes notice.

IJ did this once again with two exciting installments of Perspectives on Eminent Domain Abuse, our series of independently authored reports that examine eminent domain abuse from the vantage point of noted national experts.

Baltimore’s Flawed Renaissance: The Failure of Plan-Control-Subsidize Redevelopment, by Loyola College economics professor Stephen Walters and Loyola graduate student Louis Miserendino, closely examines Baltimore’s half-century-long failed attempt to bring investment back into the city. As the Associated Press reported, “In a report released Monday, Stephen Walters says the city’s development policies have resulted in Baltimore’s high crime rate, poverty and declining neighborhoods. The Loyola College professor especially placed blame on development of Charles Center and the Inner Harbor.”

Simplify, Don’t Subsidize: The Right Way to Support Private Development, by independent developer Doug Kaplan, details the outrageous bureaucratic and regulatory hurdles small developers must overcome in order to develop even...
Children with disabilities and children in foster care are down, but not out, after a May 2008 Arizona Court of Appeals decision dealt a blow to two state-funded private school scholarship programs for these vulnerable students.

The appeals court ruled that the programs violate one of the Arizona Constitution’s Blaine Amendments, which prohibits appropriations “in aid of any church, or private or sectarian school, or any public service corporation.” The ruling is a radical departure from Arizona’s Constitution and history. Not only has the Arizona Supreme Court recognized Blaine Amendments as “a clear manifestation of religious bigotry,” but the Court of Appeals overlooked a crucial fact: The legislature did not create the scholarships programs “in aid of” private schools but rather “in aid of” families.

Thus, we are optimistic the Arizona Supreme Court will review the case and ultimately uphold the programs. The Supreme Court applies the “true beneficiary” test to determine whether a program is “in aid of” private or sectarian schools. Applying that test in another educational aid case, the court said that tax-credit funded scholarships primarily benefit “parents who might otherwise be deprived of an opportunity to make meaningful decisions about their children’s educations, and the students themselves.”

As the Supreme Court’s prior precedents recognize, public funds used to purchase goods or services from private institutions are not appropriations “in aid of” the private institutions. This is why public schools are able to contract with private schools to educate children with disabilities, as they routinely do under a program identical in every relevant respect to the challenged programs but one: The school choice programs...
give parents—rather than government officials—the power to place children in private schools.

In addition to appealing the ruling, IJ asked the Supreme Court to allow funding for the programs to continue while the case is on appeal. The Court granted IJ’s request, but the parents suffered another blow when the Legislature failed to appropriate any funds for the programs for the next fiscal year. Fortunately, the programs are still on the books, meaning that a favorable Supreme Court decision will clear the path for future legislatures to fund the programs.

In the meantime, many of Arizona’s School Tuition Organizations are stepping into the breach to try to raise private donations to help the hundreds of parents relying on the scholarships—parents like Tana Stephens, whose son Ryan had a stroke before he was born. Ryan’s diagnoses include cerebral palsy, epilepsy and autism. He survived two brain surgeries that took his right frontal lobe in order to ease his seizures. Ryan bounced between four public schools in three school districts and not one was able to meet his needs.

Thanks to the disability scholarship program, Ryan now attends the Graysmark Academy, where he has accomplished more than doctors, psychologists and public school teachers thought he could because, according to Tana, “The teachers at Graysmark take the time to truly learn, both about Ryan’s disabilities and his abilities.”

Unless private donors step up to help raise money, children like Ryan may be forced to leave their private schools before we get a final ruling from the Supreme Court. Tana says that if Ryan has to return to the public schools he “honestly does not have a chance.”

IJ will continue the legal battle so that every special needs and foster child has a chance to learn and succeed.

“IJ will continue the legal battle so that every special needs and foster child has a chance to learn and succeed.”

Tim Keller is executive director of the Institute for Justice Arizona Chapter.
analysis—which is crucial to effectively diagnose and repair computer problems—is a crime.

The law went into effect in September of last year, and the board’s interpretations are laying the groundwork for future enforcement. IJ-TX is working to prevent that from happening by asking a judge to issue an injunction while the case is pending and, ultimately, to strike the law down as an unconstitutional violation of our clients’ right to earn an honest living.

For now, our clients are faced with scaling back much of the work they do in order to comply with the law. Getting a private investigator’s license is no solution because that would require a criminal justice degree or a three-year apprenticeship under a licensed private investigator.

Our clients tell us that this law will send ripples throughout the technology industry in Texas, which is ironic because Texas has made a major push in recent years to grow its tech talent pool.

“There are thousands of computer contractors performing valuable services for almost every organization in Texas, and this law will hinder their ability to remain gainfully employed,” said client Thane Hayhurst, who owns Kiwi Computer and iTalent Consulting in Dallas.

Computer repair shops are everywhere. They represent the friendly, human face of the technology industry, and many Texans rely on them to keep their small businesses and home computer networks running smoothly. And because this law affects consumers as well as technicians, consumer Erle Rawlins also joined in our lawsuit.

“This law is totally unfair,” Rawlins said. “It imposes using someone who is more expensive and may not be as good; and it limits the number of competitors who are out there.”

IJ-TX is asking a court to declare that the law violates our clients’ right to practice in their chosen occupation free from unreasonable government interference. This case follows IJ’s other recent economic liberty challenges to Texas’ interior design cartel and veterinarians’ efforts to monopolize the practice of horse teeth filing. The story is the same in each of these cases: A special interest group convinces the legislature to limit competition based on some vague public safety argument, which is completely unsupported by any data.

This case dovetails nicely with many facets of the IJ-TX mission, which is to litigate cases under the Texas and federal constitutions to protect the right of Texans to be secure in their property, speak freely, earn an honest living and make their own choices about their children’s education.

Texas is home to more than 20 million people and has a long history of cherishing individual liberties. But while Texans have been busy living their lives and running their businesses, their government has been encroaching on their freedom from all directions. Reports of eminent domain abuse are coming into our office from across the state.

We are investigating each of these cases to determine where and how we can help. Our friends at the Texas Public Policy Foundation have identified a laundry list of occupational licensing schemes that have proliferated in the last five years alone. We will be investigating each of these cases. And we stand ready to defend free speech and school choice wherever they are assailed in the Lone Star State.

We are already seeing signs of success in our computer repair case. When the media inquiries came rolling in on launch day, the bureaucrats started backpedaling like a playground bully who got caught by the teacher. That is good news for IJ’s clients, but our fight is far from over. We will not rest until the entrepreneurs we represent in this case, and all such businesses, are once and for all free from the shackles of big government.

Matt Miller is the executive director of the Institute for Justice Texas Chapter.
small projects. Both studies conclude that government-driven redevelopment efforts stifle economic development projects and actually hinder revitalization.

Although Baltimore's Inner Harbor is often touted as the example par excellence of government-subsidized redevelopment, the rest of the city remains a relic of post-WWII urban decay and bears the scars of a deeply flawed, "plan-control-subsidize" redevelopment program. According to Walters and Miserendino, this is "a direct byproduct of its failure to understand and treat the real source of its problems: hostility to private property rights and a resulting flight of capital that largely drained the city of its economic lifeblood."

On the West Coast, Kaplan details his attempts to build a shopping center in Santa Cruz County. He explains how the amount of paperwork and fees that go along with each of the intricate regulatory steps to build and renovate actually stifle development. According to Kaplan, "More often than not, local governments don't 'catalyze' private development; they drive it away by making it too expensive." He concludes that since cutting taxes, reducing fees and streamlining regulation benefits the government's development partners, those perks should be afforded to everyone.

Perspectives continued from page 5

Both studies are available for download at:
www.castlecoalition.org/perspective-june08
Search and Destroy Constitutional Rights

By Dana Berliner

If a stranger knocked on your door and asked to come in and search every nook and cranny of your house—including your bedroom closet, drawers, cabinets and refrigerator—and even took pictures while he was at it, would you be outraged?

That’s exactly how tenants and landlords in Red Wing, Minn., felt when the city enacted a program of mandatory inspections of all rental homes in 2005, which authorized searches of every part of a building, including occupied homes and private storage spaces. The new law also authorized the city to get warrants for those who refused “consent” to the searches.

Several owners and tenants refused to allow the searches and teamed up with the Institute for Justice to fight back. Usually, when the government wants to search someone’s home, it needs “probable cause” to believe there has been a violation of the law. But if a search is supposed to be “administrative” and not related to searching for evidence of crimes, courts will sometimes issue warrants as long as there are sufficient statutory constraints on the searches. Red Wing sought one of these administrative warrants in 2006. IJ successfully opposed that warrant, because the city was not following its own statute.

Undaunted, Red Wing tried again. The city’s big concession was that inspectors would not search medicine cabinets and would only search closets and other cabinets “if necessary.” But the city still sought court authorization to take photographs of the interiors of people’s private homes.

The Institute for Justice once again opposed Red Wing because the city’s proposed search warrants violated the U.S. and Minnesota constitutions. Among a host of constitutional problems, the city classifies the information obtained and the photographs taken during rental home inspections as public information. Even worse, Red Wing has the technical infrastructure to publish the information electronically.

IJ went back to court. On May 19, 2008, a Minnesota trial court held that the city of Red Wing’s mandatory inspection regime lacked reasonable protections against misusing the information obtained and photographs taken during searches by city inspectors. According to the Court, the city’s ordinance has “no apparent restrictions to deal with legitimate modern privacy concerns.” The city could make that information “available for the world to see on the Internet” and also to law enforcement.

The court concluded the proposed warrants violated the Constitution and refused to grant them. Tenants and landlords breathed a sigh of relief.

Unfortunately, the case is not over yet. The law itself is still on the books, and the city can simply try again and again to get the warrants, forcing beleaguered tenants and landlords to defend themselves repeatedly in court if they want to protect their privacy.

To provide permanent protection, the tenants and landlords (with the help of IJ) will now ask the court to find the inspection program itself unconstitutional. That will protect the citizens of Red Wing, but it will also create precedent to fight similar attempts by local bureaucrats throughout the country to gain access to other people’s property and invade the privacy of their homes. IJ won this property rights battle, and we will continue to fight to protect the rights of owners and tenants from the unconstitutional intrusions of government.

IJ and the DC Gun Ban Case

The U.S. Supreme Court’s historic opinion upholding the individual right to bear arms had an interesting Institute for Justice pedigree.

Although it was not an IJ case, four of the attorneys who pursued this case had strong IJ connections. IJ Senior Attorneys Clark Neily and Steve Simpson first proposed the case and crafted the public interest legal strategy that would ultimately prove victorious, and Clark continued on as one of the three attorneys of record who represented the individuals challenging D.C.’s gun ban. Bob Levy, who funded and helped litigate the case, is an IJ Board member and co-author with IJ President Chip Mellor of the recent book, The Dirty Dozen, which looks at the worst U.S. Supreme Court precedents of the modern era. And Alan Gura, who argued the case before the U.S. Supreme Court, was one of IJ’s first law clerks. What’s more, Institute for Justice Vice President for Communications John Kramer directed the media relations for the team.

The case was deliberately crafted and litigated in the model of an IJ case right from the start with a carefully considered legal strategy, passionate and articulate clients, and strong arguments both in the courts of law and in the court of public opinion.

There were 47 friend-of-the-court briefs filed supporting the individual right to bear arms. IJ’s brief, however, was the only one cited favorably in Justice Antonin Scalia’s 64-page majority opinion.
IJ Clinic Clients Add Starr Power

Institute for Justice Clinic on Entrepreneurship clients Julie Welborn and Denise Nicholes, added a little local star power of their own to the recent birthday celebration of former Beatle Ringo Starr. Welborn and Nicholes, co-owners of Chicago-area Perfect Peace Cafe, which celebrated its own first birthday that same month thanks to the help of the IJ Clinic, baked about 300 miniature cupcakes and a sheet cake bearing the Hard Rock logo in honor of Starr, who marked his 68th birthday outside the Hard Rock Hotel in downtown Chicago. This photo appeared in the Chicago Tribune.

Quotable Quotes

IJ Client Andrea Weck: “This [voucher program] has changed my daughter completely. . . once we started here, her world opened up. . . . Without the voucher program, we wouldn’t be here. These vouchers are changing childrens’ lives.”

Orange County Register

Op-ed by IJ President and General Counsel Chip Mellor: “[T]he Supreme Court has imposed through the back door what Congress and the states could not accomplish through the amendment process. By misinterpreting cases that raised key constitutional questions, the court has radically expanded government and curbed individual rights. . . . Judicial activism and judicial abdication have erased rights and unleashed the era of overreaching government. Only principled and consistent judicial engagement can restore proper respect for the Constitution as it was written.”

Baltimore Sun

“Baltimore’s heavy-handed use of eminent domain and persistently high property taxes have forced residents and businesses to flee the city in the last half-century and contributed to the decline of neighborhoods, a Loyola College economist argues in a report published yesterday. . . . The paper was published in Perspectives in Eminent Domain Abuse by the Institute for Justice, a libertarian law firm in Arlington, Va.”
In Arizona, parents of children with disabilities and foster parents had been set free to choose the best school, public or private, to meet our children’s unique needs.

But the education establishment wants to stop us.

I am fighting for school choice because parents, not bureaucrats, know our children best.

I am IJ.