

Santa Barbara Happenings



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Seemingly Innocent, U.S. Government’s New FinCen Has Deep Roots and No Respect for Your Privacy

On January 1st, 2024, the Corporate Transparency Act, which requires owners of businesses with a revenue under 5 million and less than 20 full time employees to self-report to the federal government’s Financial Crimes Enforcement Network (“FinCen”), went into effect. Most businesses will be required to be registered by January 1st, 2025 and those who have not reported by that could face fines up to \$10,000, civil penalties of up to \$591 per day and 2 years imprisonment. Enforcement is retroactive so you are required to report if you owned a business in 2024 even if you no longer own the business or the entity was dissolved.



Previously, entity creation and ownership has been a state issue. In March, a federal court ruled that the Corporate Transparency Act was unconstitutional, but the holding only affects the plaintiffs which included businesses that were members of the National Small Business Association. The Department of Justice is appealing the decision.

Central planning in the Age of AI: ‘Even though history has shown the failures of central planning, it still retains an evocative lure.’

In a recent Q & A, Lynne Kiesling, an economist who is also a senior fellow at the American Enterprise Institute, and a research professor at the University of Colorado, Denver, discussed the inefficiency and ineffectiveness of central planning.

Central planning which is based on data will be deficient if the personal experiential information (personal choices) is not able to be expressed through individual decision-making (i.e. markets with price systems). If individuals don’t choose what they want based on prices, then it can’t be known what people need and want and how much they can and will pay for it which is the data that a central planning system would use to make its decisions. This means that the decisions of a central planning system will be flawed due to lack of accurate data. As Kiesling states: “Markets play the role of knowledge ecosystems that coordinate across so

many people, mostly strangers, so that they can each achieve their plans.” Without price systems being changed based on the decisions of individuals, there won’t be an accurate understanding of the value of things.

Accessory Dwelling Units and Who Lives in Them in 2024

According to a survey by the Santa Barbara County Association of Governments (SBCAG), the total cost of building an accessory dwelling unit (ADU) is significantly lower in North County than South County. In North County, the average cost is \$141,056 and the average rent charged for an ADU is \$1,904. In South County, the average cost of building an ADU is \$242,193 and the average rent charged for an ADU is \$2,657.

Surprisingly, only 59% of ADUs in the more expensive South County are used for rentals with many being used for storage, entertainment rooms, or home gyms, while 77% of the ADUs in North County are rentals.



Preapproved ADU Program image from City of SB website

Throughout the county, 49% of ADUs are built in Garages, 31% are additions to the home and 20% are conversions. Most of the ADUs in the county are used to house family members either for free or at below market rental rates.

CA Again Making Things More Expensive

The California Air Resource Board’s Carbon Credit Proposal, which was approved on November 8th,

| "GAS TAX BREAKDOWN" CALCULATION | |
|--------------------------------------|---------------|
| REFORM CALIFORNIA | |
| STATE EXCISE TAX | 59.6 CENTS |
| CAP AND TRADE TAX | 28 CENTS |
| SALES TAX | 12 CENTS |
| CARB REGULATION COSTS | 23 CENTS |
| UNDERGROUND STORAGE REGULATION COSTS | 2 CENTS |
| FEDERAL EXCISE COSTS | 18.4 CENTS |
| TOTAL PER GALLON CA GAS TAX: | \$1.43 |
| DATA COLLECTED ON MAY 22 | |

could raise the price of gasoline by \$1.43 a gallon next year. This would, in turn, raise the cost of goods shipped through California as well as airline tickets into and out of the state. As, 40% of goods in the U.S. are shipped

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through Los Angeles, California's proposed Low Carbon Fuel Standard Fuel Program amendments would likely affect all Americans.

County Supervisors Appointed People to Dozens of Uncontested Special District Seats

In November, the County Board of Supervisors appointed 41 people to special district boards for seats that were off ballot or had no one file a declaration of candidacy. Some of the additional 32 off-ballot seats are appointed by cities and school boards.

California Continues to See More People Leaving Than Moving In

The most recent published statistics show a negative net migration of 268,000 in California. Most of those leaving California are moving to Texas, Arizona, Nevada, Washington, or Florida. Most of those migrating to California from another state are coming from Texas, New York, Washington, Nevada, or Oregon, or are from a foreign country.

Housing Providers Get Ready for a Wild Ride in the City of Santa Barbara

In an election marked by a less-than-expected turnout, Santa Barbara city voters elected two City Council candidates who strongly support rent control: incumbent Oscar Gutierrez in District 3 and a newcomer to the city council, Wendy Santamaria in District 1. Depending on the reliability of the candidate statements, that means there will now be four councilmembers — a voting majority — who support hardcore rent and price control.



Wendy Santamaria



Oscar Gutierrez

(images Independent.com)

California Takes Controversial Approach to Fentanyl Crisis

Illicit usage of the extremely potent synthetic opioid Fentanyl is leading to many deaths. Nationwide, state and local governments expect \$50 billion in legal settlements with distributors and manufacturers of the opioid over the next 2 decades. California will likely receive \$4 billion of that settlement money to abate illicit opioid usage.

So far, California has used money it has received on "harm reduction" such as opioid overdose reversal medication, needle exchange programs and

public education regarding opioids as well as ad campaigns attempting to reduce the stigma around opioid usage but not on public education and ad campaigns detailing the extreme danger posed by opioid usage as was done to discourage people from smoking for instance.

Many have criticized this approach as ineffective. The graphic warnings on cigarette packages and in advertisements against smoking appeared to reduce cigarette usage significantly while the 12% of those who receive opioid overdose reversal medication die of an overdose only a few months later.

County Board of Supervisors Approve Senior Mobile Home Park Overlay to Prevent Redevelopment

The Santa Barbara County Board of Supervisors voted recently to enact a temporary ordinance that prevents the conversion of senior only mobile home parks to all ages. An action that was partially motivated by the new owners of Del Cielo Mobile Estates



in Orcutt seeking a legal way to convert the park to all ages. The Board of Supervisors worried that one of the only affordable housing options for seniors would be threatened if senior only parks were allowed to be converted. The new owners of Del Cielo argue that the ordinance is discriminatory.

Very Few Universities Require a U.S. History Course for Students to Graduate with a B.A. in History

According to a report published by the American Council of Trustees and Alumni (ACTA), only 1 of the nation's top 25 national universities (UC Berkeley), only four of the top 25 public universities, and only three of the top 25 liberal arts colleges, require all history majors to complete a wide-ranging course in U.S. history.

In order to combat this trend, some universities are creating programs like Arizona State University's School for Civic and Economic Thought and Leadership and University of North Carolina – Chapel Hill's School of Civic Life and Leadership. The ACTA is attempting to convince trustees and legislatures that establishing these centers is a priority so that our citizens can make informed, democratic decisions.

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