TEF COMMENT

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# F-RATED FISCAL RECORDS FOR EIGHT U.S. GOVERNORS

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*Review of the Fiscal Policy Report Card on America's Governors 2014*
by Nicole Kaeding and Chris Edwards.
Cato Institute, October 2nd 2014.
http://www.cato.org/publications/white-paper/fiscal-policy-report-card-americas-governors-2014, 35 pages.

The Cato Institute released its 12th biennial fiscal report card earlier this month regarding the budget records of America's governors from January 2012–August 2014. The governors of Minnesota, Oregon, Delaware, Washington, Illinois, Massachusetts, Colorado, and California received **F** ratings as America's most egregious taxing-and-spending chief executives, with the records of Quinn (IL-D), Patrick (MA-D), Hickenlooper (CO-D), and Brown (CA-D) rounding out the bottom of the list of the forty-eight administrations.

Virginia's governor was excluded because of his limited tenure in office during the period examined, and Alaska's governor was omitted due to the state's budget idiosyncrasies. As Kaeding and Edwards detail in their report, prolonged tax-and-spend policies have only further harmed the economies of these fiscally unsound states and have merely expanded the budget problems now creeping into the pockets of every taxpayer in these eight **F** rated states.

Reviewing the records of short-term taxing and spending trends helps taxpayers gain insight into the anticipated direction of their state's long-term fiscal solvency and how the state's policies affect the economy.

Nicole Kaeding, a budget analyst at the Cato Institute, and Chris Edwards, director of tax policy studies at the Cato Institute and editor of www.DownsizingGovernment.org, compiled and scrutinized data for three categories of variables – spending, revenue, and tax rates – to score the records of the governors for the thirty-two month period, with the average of the three categories equaling their final grade. Kaeding and Edwards also noted a few caveats to consider as the results of their study are evaluated, including the difficulty of fully isolating policies of governors from their state legislature's fiscal decisions and the differing degrees of budgetary authority among the individual governors of the states.

Regardless of the political climate at any given time, the individuals responsible for either enacting or repealing horrendous legislation are government bureaucrats who must be held accountable for their actions. They are absolutely responsible for the policies they codify into law or fail to abolish from it.

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Gov. Dayton (MN-D) has repeated his grade of **F** from the previous Cato report card due to overall increased spending and taxing, despite modest tax cuts in 2014. Gov. Kitzhaber (OR-D) earned his **F** by consistently voting to expand government, including increases in spending, corporate and individual income taxes, as well as a failed attempt at broadening Medicaid under the ACA, eventually scrapping the initiative in 2014 after nearly a quarter of a billion dollars was spent without a single Oregonian enrolled.

Gov. Markell (DE-D) continues the **F** trend as he and the legislature were determined to not let their "temporary" tax increases expire, so they made the increased individual income tax rate of 6.6 percent permanent and extended previous business tax increases, as well as proposed increases in gasoline taxes, water taxes, and business fees. Gov. Inslee (WA-D) received an **F** rating mostly due to reversing campaign promises to not raise taxes, although his proposed tax increases in the billions have not yet passed. Gov. Inslee has also backed a tax-and-debt funded multibillion-dollar transportation deal, which will no doubt shine as a prime example of cronyism and corporate welfare.

Gov. Quinn's (IL-D) **F** rated Keynesian solutions predate this Cato study, like his 2011 income tax increases, jumping from 3 to 5 percent for individuals and from 4.8 to 7 percent for corporations. What the Fiscal Policy Report Card misses, however, is that the Illinois corporate income tax is also subject to a 2.5 percent personal property tax surcharge, effectively raising the corporate tax rate even higher to an astounding 9.5 percent for businesses. In addition to swelling annual state tax revenues by nearly 25 percent and proposing almost a half-billion dollars in further corporate tax increases, he plans to make the "temporary" sixty-seven percent individual income tax hikes permanent in the upcoming lame-duck session next month. Quinn has predictably been unable to solve Illinois' budgetary problems with approaches that are reminiscent of the days of the Great Depression.

Gov. Patrick (MA-D) achieved an **F** rating mainly because of his record of proposed and enacted tax increases, with the plan for the largest of the increases failing, thankfully for the taxpayers of Massachusetts. Smaller sales, cigarette, and gas taxes were signed into law in 2013 with additional tax increase proposals regarding corporations, candy and soda made in 2014. Gov. Hickenlooper's (CO-D) **F** rating stems from his ballooning of spending by the billions in just three years, ratcheted up further by a sixteen percent upsurge in government employees and new corporate welfare spending. However, in 2013 the taxpayers of Colorado rejected by a margin of sixty-five to thirty-five percent the proposed personal income tax increase for education funding, which would have raked in roughly a billion dollars annually for the government schools to misspend.

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Gov. Brown (CA-D) has the distinct dishonor of earning the lowest **F** rating among the eight failing governors. Gov. Brown has consistently pushed for numerous hefty tax increases during his tenure, including his 2012 plan to swindle California taxpayers out of an additional six billion dollars annually, which included a hike in the individual income tax rate to 13.3 percent. Gov. Brown's spending record is equally poor, proposing increases that average 6.8 percent annually in the last three years, more than twice the national average during that period. Like his peers, Gov. Brown has supported many questionable spending projects, including a corporate welfare scheme disguised as a viable high-speed rail system. All of this does not even include the skyrocketing of California's general fund spending from an austere eighty-six billion in 2012 to an unbelievable one-hundred and seven billion by next year.

Considering that these eight states still have massive debt problems and billions amassed in unpaid bills, it is not farfetched to presume that their legislatures will continue their ill-advised plans to expropriate more wealth from the taxpayers if they do not face fervent resistance. Short-term proposals by government officials are simply delusional political ploys whereby bureaucrats essentially set taxpayer dollars on fire to perpetuate the state's game of smoke and mirrors, all in a desperate attempt to reinvent basic economics by trying to tax and spend their way to prosperity.

Taxpayer Education Foundation is committed to pulling back the curtain on the Tax Villains hiding out in state houses across America, exposing these accounting illusionists for their fiscal recklessness. Readers are encouraged to learn more and look over the Cato Institute's full Fiscal Policy Report Card on America's Governors 2014, comparing the different approaches toward fiscal policy and identifying which are complete failures and those which can best lead to less government and more liberty for all individuals.

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