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By Andrew Romano

Bing even more:

The GOP's most promising 2012 presidential contenders-<u>Mitt Romney</u>, <u>Tim Pawlenty</u>, <u>Haley Barbour</u>, <u>Mitch Daniels</u>, and <u>Mike Huckabee</u>-have a lot in common. They are all white. They are all middle-aged. They were all governors at one point. And despite a shared tendency to denounce Democrats as inveterate, immoral tax hikers, they all have the exact same skeleton in their closet: a rather inconvenient history of raising taxes themselves.

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Surprised? It's no wonder. Until now, Romney & Co. have done a good job of hiding their tax-raising records from the rest of the Republican Party-with good reason. In a perfect world, according to GOP orthodoxy, taxes would always be lower than they are right now, no matter how low they currently happen to be. In 2009, for example, U.S. taxes shrank to their smallest share of personal income since 1950. Conservatives still complained. And in the unlikely instance that taxes cannot possibly be reduced any further-like, say, when revenue plummets to a record-low 14.9 percent of GDP, which is where they are today-right-thinking Republicans are required to do the next best thing: Refuse, at all costs, to raise them.

The 2012 budget blueprint that Wisconsin Rep. Paul Ryan unveiled this month is only the latest example of the GOP's taxophobia. Ryan claims the purpose of the proposal is to eradicate the national debt. But his "Path to Prosperity" puts America an extra \$4 trillion in the hole before it even attempts to accomplish this worthy goal. How? By slashing taxes for the wealthiest Americans-forever. As a result, the rest of Ryan's cuts-to Medicare, Medicaid, food stamps, the FBI, highways, environmental protection, the Coast Guard, and so on-are trillions of dollars larger than they'd otherwise have to be. The message is clear, if contradictory: For Republicans, the only thing more important than reducing the deficit is increasing it-via massive tax cuts.

Which is why it's so curious that all the party's would-be standard-bearers did precisely the opposite when they were actually tasked with balancing a budget. Some, like Daniels, raised taxes in a relatively straightforward manner. When the former Office of Management and Budget director took control of Indiana in 2005, the state was \$200 million in the hole. Digging out was his first priority-and one of his first proposals was a sizable tax hike on all individuals and entities earning over \$100,000. The legislature blocked the plan, but Daniels eventually passed a handful of new taxes: one on liquor, one on rental cars, and one that increased the state sales tax from 6 percent to 7 percent. Indiana soon had a \$1.3 billion surplus.

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When it comes to fiscal discipline, Daniels doesn't think tax hikes should be the first option, or even the second or third. But he does believe that they should always be an option. When I asked the governor last summer how he'd tackle the national debt as president, for example, he admitted that "at some stage there could well be a tax increase." A few months later, he confessed that he would consider both a European-style value added tax (VAT) and a tariff on imported oil as potential sources of government revenue. "They say we can't have grownup conversations anymore," he told me. "I think we can."

Daniels' openness is admirable. But he's pretty much the only Republican contender who's willing to own up to the fact that he raised taxes. During Mike Huckabee's time as governor of Arkansas, for instance, he transformed a \$200 million budget shortfall into an \$844 million surplus. One of the ways he accomplished that nifty feat was with targeted tax hikes: a 3 percent income-tax surcharge on individuals and corporations; three separate hikes on the state sales tax; several new tax increases on cigarettes, tobacco, and related permits; a 3 percent tax on beer; a 4 percent tax on mixed drinks; a 3- to 4-cent tax per gallon of gas; and a \$6 increase to the driver's-license fee.

But when Huckabee ran for president in 2008, he insisted that he had cut taxes more than he raised them; he suggested that the legislature or the state Supreme Court had forced his hand; and he swore that he hadn't actually signed some of the tax increases he was accused of signing. In truth, Huckabee's tax increases outweighed his tax cuts by nearly \$500 million. He once begged the legislature for every imaginable kind of tax hikewithout any coercion. And he did, in fact, affix his Hancock to the tax increases in question. Huck had good reason to squirm, in other words-at least during primary season.

Romney was just as slippery. On the surface, the former Massachusetts governor's fiscal record looks a lot like Huckabee's: He inherited a \$650 million shortfall (with a \$3 billion projected deficit), then turned it into a \$600 to \$700 million surplus by the time he left office. To do so, Romney also made a concerted effort to increase tax revenue, in part by raising fees by a grand total of \$432 million on marriage licenses, driver's license renewals, gun permits, community-college tuitions, deed registrations, Children's Medical Security Program co-pays and premiums, probation services, deliveries of petroleum products, bottle deposits, mortgage-broker licenses, and civil-service exams, and in part by closing \$309 million in corporate tax loopholes. (He also raised the sales tax on used cars.)

The big difference between Romney and Huckabee is that Huckabee tried to rewrite his tax history. Romney didn't. He simply <u>claimed</u>, in vintage Mitt Romney fashion, that none of his revenue-increasing proposals actually counted as tax hikes. "We faced a huge budget gap, but I recognize that raising taxes could lead to a slowdown in our economy," he said in 2007. "So we didn't do it." Unfortunately, Massachusetts's largest business lobbying group "<u>respectfully disagreed</u>" with Romney's assessment. "These certainly

were tax increases and a new source of revenue for the commonwealth," said Brian Gilmore, executive vice president of Associated Industries of Massachusetts. "His indicating that he balanced a budget without raising taxes is misleading at best."

Although neither has yet had to defend his résumé on the national stage, Pawlenty and Barbour are likely to follow a similar path in 2012. Appearing at the Conservative Political Action Conference in February, Pawlenty told his fellow Republicans that "the naysayers say 'we can't cut spending; we can't prioritize; we have to raise taxes.' I drew a line in the sand and said, 'Absolutely not. We're going to live within our means just like families, just like businesses, just like everybody else." He delivered a similar message at a pair of Tea Party Tax Day rallies last week. The problem, sadly, is that state and local taxes increased for 90 percent of Minnesotans on Pawlenty's watch, according to local observers. Some of those increases, like a \$200 million tax hike on cigarette consumers in 2005, a \$109 million corporate tax hike in 2008, and various fee hikes on parking tickets, marriage licenses, building permits, court cases, and college tuition, were backed or allowed by Pawlenty. Others, like a \$2.7 billion (or 53.8 percent) increase in property taxes from 2003 to 2008, stemmed from the governor's policies. "In constant 2010 dollars, state aid to local governments has fallen by \$2.6 billion since 2002," writes Minnesota policy analyst Jeff Van Wychen. "In response, local governments have increased property taxes." (Daniels and Romney also shifted the tax burden from state to local government by slashing aid.)

Barbour, meanwhile, is starting to sound a lot like Huckabee, his former neighbor to the northwest. In a speech last month to the Chicagoland Chamber of Commerce, the Mississippi governor accused Obama of "call(ing) for record tax increases" and claimed that his own record-filling a \$720 million budget deficit in two years without raising taxes-represented a counterpoint to Obama's failures. But although Barbour's accomplishments are admirable-they came at a time when post-Katrina federal aid had dwindled and recession-era unemployment was hovering near 20 percent in some parts of Mississippi-it's simply wrong to suggest that they didn't involve tax hikes. As the libertarian Cato Institute noted in 2010 when it awarded Barbour a "C" for his tax policies, the governor reinstated a hospital-bed tax in 2008 to help fund Medicaid and approved a 50-cent cigarette tax the following year.

The math is simple. Five potential Republican presidential nominees. Dozens of tax hikes. The point here, however, is not to play "gotcha," although it will be worthwhile to keep these numbers in mind when Romney & Co. inevitably begin to attack Obama on taxes. (For the record, Obama's tax record is mixed as well: According to Politifact, the president "raised taxes on cigarettes and indoor tanning, and the health-care law includes a tax penalty on the uninsured... [and] new taxes on the wealthy," but he also lightened the tax burden for more than 80 percent of Americans by changing withholding rates and reducing payroll taxes by 2 percent.

The point isn't even that Romney, Barbour, Daniels, Pawlenty, and Huckabee have done something wrong. In fact, quite the opposite. In the months ahead, as the great deficit debate takes shape and the 2012 campaign begins in earnest, voters should remember the

reality of Republicans and taxes: that even the politicians now vying to lead the most taxophobic party in U.S. history decided to implement tax hikes when they actually had to balance a budget. It's some of the strongest evidence yet that we can't afford to take any budget-balancing options off the table-even if the people who provided it would like to pretend otherwise.

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