



Arizona Gov. Ducey receives 'D' grade in new report on fiscal management

October 6, 2020

Dan McCaleb

Arizona Gov. Doug Ducey was among the lowest ranking Republican governors in a new analysis on fiscal management published by the Libertarian think tank, the Cato Institute.

Ducey received a D grade in Cato's biennial analysis, the **Fiscal Policy Report Card on America's Governors 2020**.

"This report discusses ways that states can respond to today's budget challenges, including tapping revenues from marijuana legalization and cutting costs by prohibiting public-sector collective bargaining," Cato said in a news release. "The report also describes how states can prepare for future downturns by building large rainy day funds and creating stable and pro-growth tax bases."

Cato noted that Ducey is pro-business on many policy issues, but he graded poorly because of increased state spending.

"Doug Ducey has a background in business and finance and was the head of Cold Stone Creamery. Ducey has pro-market instincts on many policy issues," the report said. "He has approved occupational licensing reforms, placed a moratorium on new regulatory rulemaking, and pushed back against minimum wage increases. However, Ducey scores poorly on this report because of large spending increases."

Cato noted that Arizona's general fund spending increased 6.6 percent in 2019, and that Ducey proposed increasing spending 8.7 percent in 2020.

"Ultimately, the governor approved an 11.5 percent spending increase for 2020," the report said.

Cato praised Ducey for several tax cuts made during his administration.

"Ducey has approved numerous tax cuts, including ending sales taxes on some business purchases, reducing insurance premium taxes, and indexing income tax brackets for inflation," the report said. "In 2019, he signed into law income tax reductions that conformed the state's tax code to changes in the 2017 federal Tax Cuts and Jobs Act, while increasing the standard deduction, reducing the number of tax brackets, and trimming income tax rates. In 2020, Ducey called for eliminating taxes on military pensions."

But the nonprofit also noted that he increased taxes in some areas, including a new vehicle registration fee and an extension of a sales tax surcharge to fund education.

"Arizonans are scheduled to decide on a ballot initiative in November (Proposition 208) that would raise income taxes 3.5 percentage points on high earners," the report said. "Ducey opposes the increase. Arizona voters will also have an opportunity to vote for Proposition 207, which would legalize and tax recreational marijuana. Ducey also opposes this measure."