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Many "Blue" States are Broke, Need Money Like O2

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February 28, 2017

Many Blue stat Governors and state legislators say they are running out of money again, and many are demanding tax hikes to close budget gaps.

More than 50% the states are facing big deficits this year, and they are mostly Blue states, including: California, Connecticut, Delaware, Illinois and New York and Oregon.

Hang on, these are states with the highest taxes and some of the deepest pools of Red ink.

The Big Q: What is the message here?

So, what is the source of the budget crises from coast to coast?

1. On the revenue side, tax receipts are down because states are frontline victims of the slow-growth era of the Hussein-Obama years. When the US economy sputters at only 1.6% as it did in Y 2016, state and local tax revenues barely trickle in. So much for the liberal spin that President Barack Hussein-Obama left behind a healthy economy. Revenues have plummeted in Oil-producing states such as Alaska, Kansas, Oklahoma, North Dakota and Wyoming. Liberals are pushing big tax increases in each of those states, which not so long ago gorged on new spending during the years of high prices. North Dakota had one year in which the budget rose more than 50%. Note: The best thing Washington could do to help states would be to pass President Trump tax cuts so we get faster economic growth. Nothing heals state budgets more quickly than a dose of prosperity. The major reason states are in financial trouble is the 8-year state spending binge that almost no one is reporting on.
2. A fiscal analyst at the Cato Institute, has run the numbers. He reports that “state general fund spending has soared 32% since Y 2010.” The National Association of State Budget Officers predicts a 4.3% hike in FY 2017 budgets, 2X the inflation rate.
3. A Key reason state budgets have spun out of control is Barack Obamacare. Some 20-M Americans have been added to state Medicaid rolls. For now, the feds pay most of the

costs. But if patients were still to be on Medicaid in several years, the costs would be shifted to the states. All the more reason to repeal Barack Obamacare as rapidly as possible before the Medicaid caseloads grow by millions more.

4. Many of the Blue states that signed up for the Obamacare Medicaid expansions now face the biggest deficits.

The Big Q2: Would tax hikes solve the problem?

No, just have a look at the conditions in Connecticut and Illinois.

These states passed multibillion-dollar income tax hikes on “the rich.” Both have seen their economies get crushed by the out-migration of tax filers to avoid the tax hikes.

Today their deficits are huge.

Connecticut faces a deficit of nearly \$500,000,000, and Democratic Gov. Dannel Malloy is calling for his 3rd mega tax increase to stop the Red Ink. Illinois has at least \$6,000,000,000 in unpaid bills after its biggest tax increase in history.

Spending discipline and pro-growth tax reforms are the best formula for reviving state budgets.

If Republicans, who control 69 of the 99 state legislative chambers, think they can tax their way back to prosperity, do not be surprised if they are back in the minority after Y 2018.

Tax and Spend = Failure

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