Club for Growth on Rick Perry

Wed, 08/24/2011 - 3:10pm | posted by Jason Pye

Like Be the first of your friends to like this.

Just like in 2008, the Club for Growth is putting together a series of white papers on candidates running for the Republican Party's presidential nomination. We've already covered their reports on the records of Newt Gingrich, Tim Pawlenty, Herman Cain, Mitt Romney, Jon Huntsman, Ron Paul and Gary Johnson. Next under the knife is Rick Perry, who has served as Governor of Texas since 2000.

Perry has certainly shaken up the race for the GOP nomination for president and dominated media coverage during his first week on the campaign trail. His campaign is being driven by conservatives and tea partyers wary of Mitt Romney, who they see as a flip-flopper and someone who laid the blueprint for ObamaCare. But does Perry have the fiscal record for conservatives and libertarians to get behind? You be the judge.

On taxes, Perry benefits from coming from a state with no income tax and he also understands that it would be politically unpopular. But he has tinkered with fees and taxes to balance the state's budget including the largest tax hike in Texas history, though his *overall* record is decent:

> *In 2006, Governor Perry signed the largest tax proposal of his tenure - a major overhaul of the Texas school property tax system. The property tax cuts, worth about $6 billion, were initially proposed in 2004 along with an anti-growth $1 cigarette tax hike , and various fees like a "sin tax", but the legislature didn't pass it. So, in order to pass the property tax cut in 2006, Perry supported adding on a very anti-growth "gross receipts tax," or a tax on gross revenues of Texas companies, which at the same time eliminated the corporate income tax. The new taxes "nearly tripled the amount that Texas collected from businesses." Before 2006, the "franchise tax," or income tax, was 4.5% of profits, but the new version, "often called the margins tax, reduced the rate to 1 percent while broadening its application. Now, the tax is applied to the annual revenue of qualifying companies minus one of three options: the cost of goods sold, employee compensation or 30 percent of total revenue."*
>
> *According to Dale Craymer, president of the Texas Taxpayers and Research Association, Perry's bill "raised some taxes (franchise, cigarette, motor vehicle sales taxes) and lowered others (property tax) by much more." The Cato Institute noted that the "gross receipts tax" signed by Perry was "unnecessary… since the state was rolling in a $4 billion budget surplus." At the time, "Perry praised the [gross receipts tax] as a reliable source of funding for schools and fairer to employers than the previous loophole-ridden franchise tax," and estimated the tax package to be worth an astounding $15.7 billion in property tax relief over three years.*
>
> *While Governor Perry's property tax cut legislation overall resulted in a $1.5 billion net tax cut in the first year, many felt he should have fought for a property tax cut alone. The Cato Institute wrote in 2008 that "homeowners will receive property tax relief, but the plan really socked it to businesses. Further, the plan centralizes greater fiscal power at the state level, which will encourage government growth in the long run by stifling local tax competition." Overall, Perry deserves credit for a net tax cut, but we agree that he should have fought harder against the anti-growth margins tax.*

The Club notes that Perry does well on spending, a specific point that "reveals fiscally conservative tendencies and a commitment to reducing the size of government that are in tune with the conservative nature of a state like Texas." But he does have some

Featured posts

Club for Growth on Rick Perry
by Jason Pye

America's Greatness Lies in Knowledge Diffused
by Louis DeBroux

Taxing the rich is smoke and mirrors
by Tom Knighton - 3 Comments

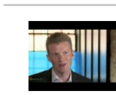
2010's Lie of the Year, in Practice
by George Scoville

Latest Videos Popular Videos


Mike Lee on the debt ceiling deal
08/01/2011 - 5:11pm
ADD COMMENT
398 VIEWS


Ron Swanson Teaches a Little Girl About Government
07/27/2011 - 12:19pm
ADD COMMENT
621 VIEWS


The Trouble with Herman Cain
06/28/2011 - 2:44pm
4 COMMENTS
995 VIEWS


Free or Equal?: Johan Norberg Updates Milton & Rose Friedman's Free to Choose
06/28/2011 - 2:44pm
ADD COMMENT
785 VIEWS

More Recent Videos »

corporatist tendencies:

> *State spending grew from $30 billion in FY2002, the first half of the biennium budget passed under Perry, to $39.4 billion in FY2010, a 31% increase in nominal terms over the nine years. However, when looking at Texas's spending on an annualized basis, spending increased an average of 3.9% per year, which is excellent compared to the state's average annual population plus inflation growth rate of 4.2% over the same time period.*
>
> *One reason for the slow growth of state spending was because Governor Perry made frequent use of his veto power. Another is the existence of a conservative Texas legislature. During his tenure as Governor, Perry vetoed hundreds of millions of dollars worth of spending, perhaps even a lot more. It is important to note that it is difficult to give Perry credit for a specific dollar amount of vetoes due to the complexities of the Texas budget process. Some of the Governor's vetoes were on spending bills contingent on bills previously struck down by Perry. Other vetoes killed legislative language from budget bills which authorized spending from separate bills that never passed. Regardless, a review suggests that Perry did aggressively look to cut spending with his veto pen.*
>
> *On the bad side, however, Perry has also aggressively used government spending to attract jobs to Texas. During his time in office, Perry has signed into law two major economic development initiatives, the Texas Enterprise Fund and the Texas Emerging Technology Fund.*
>
> *The Texas Enterprise Fund, established at Governor Perry's request in 2003 has doled out $426 million since its inception to attract businesses like JP Morgan Chase and Frito-Lay. A similar program, the Texas Emerging Technology Fund, was created in 2005 and signed into law by Perry. That fund has doled out $259 million in capital for "cutting-edge research and technology" entrepreneurs. Economic development initiatives like these, often supported by big business, create huge market distortions in a place that should naturally be a nationwide leader in attracting jobs. Texas doesn't need to provide $1.4 million in taxpayer dollars to Facebook, as the Texas Enterprise Fund did in February of 2010 - it can simply point to a positive regulatory and tort climate along with a strongly competitive tax climate.*
>
> *These gimmicky subsidies are a form of corporate welfare, and they're similar in effect to the tax credits decried by Perry in his 2010 book. This suggests that Governor Perry is more pro-business than he is pro-free markets.*

There are also some critiques that I've read about Perry on spending that are counter to the record that the Club for Growth presents. At *The New American*, Joe Wolverton really lays into Perry as a tax and spender. Chris Edwards, author of the Cato Institute's *Fiscal Policy Report Card on America's Governors*, wasn't as negative, but he doesn't offer a glowing review either:

> *I awarded Mr. Perry grades of "B" in the last two Cato governor report cards. My analyses revealed a pretty good tax and spending record, but Perry certainly fell short of the reform-minded zeal shown by former "A" governor, Mark Sanford of South Carolina. Recent articles by Shikha Dalmia of Reason and Aman Batheja of the Fort Worth Star-Telegram suggest that Perry's fiscal record is a mixed bag.*

Edwards notes that Perry "appears rather centrist" on spending, but conceeds that "no one set of numbers can tell the whole fiscal story."

He also gets knocked for backing TARP, which really hasn't been discussed much (or at least in what I've read) among fiscal conservatives backing him. Of course, not many of the candidates running for the nomination didn't back it; I believe the only Republicans running that opposed TARP are Michele Bachmann, Gary Johnson and Ron Paul.

Perry gets high marks on entitlement reform (including support for repealing ObamaCare), school vouchers, tort reform and his record on trade is among the best in the GOP field.

Here's the Club's bottomline on Perry (emphasis mine):

> *It is quite clear that Perry did not move his state in reverse, or on the wrong course. In many instances, he merely maintained a positive status quo. In others, such as tort reform and regulations, he improved the Texas economic climate.*
>
> *Still, **his support for taxpayer-subsidized funds to lure jobs away from other states shows he has at times an interventionist streak rather than consistent***

Twitter

United Liberty Writers


dmataconis Rick Perry: The New GOP Frontrunner http://t.co/rcgG5Hl
4 minutes ago · reply · retweet · favorite


dmataconis Navy: Owen Honors Poor Leader, Should Stay in Navy http://t.co/ZKjB95d
5 minutes ago · reply · retweet · favorite


dmataconis Navy to Keep Fired Captain Honors http://t.co/6c1KVDg
5 minutes ago · reply · retweet · favorite


guypbenson "If you like your plan, you can keep your plan. No one will take it away. No matter what." http://t.co/fMAkAYv #lies #hcr #tcot
8 minutes ago · reply · retweet · favorite


stackiii I have had more Chrome crashes since switching to Mac than ever before. What gives?

Join the conversation

Barack Obama Harry Reid national debt ObamaCare Polling Rand Paul Republicans Ron Paul Senate Election 2010 Spending Tea Party tea party movement

more tags

ARCHIVES

August 2011
July 2011
June 2011
May 2011
April 2011
March 2011
February 2011
January 2011

BLOGS & SITES

Andrew Sullivan
Anything Peaceful
Cafe Hayek
Carpe Diem
Cato @ Liberty
Dave Weigel
David Friedman
Debtwatch
Division of Labour
EconLog
Economix
FiveThirtyEight
Freakonomics
Glenn Greenwald
Greg Mankiw
more...

ORGANIZATIONS

AntiWar.com
Campaign for Liberty
Cato Institute
Downsize DC
Foundation for Economic Education
Freedom Advocates
FreedomWorks
FreedomWorks PAC
Iraq Veterans Against the War
Tax Foundation

> ***free-market principles. His semi-apology for the big government interventions of President Bush suggests a similar inclination.***
>
> *Should Rick Perry become President, he will inherent a far worse economic climate than he has in Texas, as well as a less hospitable Congress than he has in the Texas Legislature. It is quite likely that Perry would seek to move the country in a much more pro-growth direction. Almost any movement in the direction of the Texas approach would be welcomed. However, given some actions in his record, it is questionable whether Perry will maintain his steadfast fiscal approach when faced with a less favorably inclined legislature than he is accustomed to.*

You can read the full white paper below:

Related Posts

- Why Paul needs to win the GOP primary
- Public Policy Polling: Romney does the best against Obama
- America's Greatness Lies in Knowledge Diffused
- Tommy Thompson isn't going to have an easy primary
- Rick Perry leads in first post-Ames poll out of Iowa

1 READ SHARETHIS

Tagged: budget Cato Institute Chris Edwards Club for Growth Entitlements fiscal conservatives free market George W. Bush Health Care Reform Libertarian ObamaCare Rick Perry Spending TARP Taxes Texas

Post new comment

Your name: *

Anonymous

E-mail: *

The content of this field is kept private and will not be shown publicly.

Homepage:

Comment: *

Preview comment Post comment

Popular posts

CHART OF THE DAY: Washington Fat Cats Are Getting Fatter
Thu, 08/18/2011 - 11:55am / 6053 views

Paul does well in New Hampshire poll
Mon, 08/22/2011 - 10:20am / 3031 views

Recent comments

Agreed. Not quite sure who…
1 min 44 sec ago

I have been a Liberal most…
4 min 43 sec ago

Great writeup thanks!!!!…

19 min 51 sec ago

GOP Presidential Power Rankings
Mon, 08/22/2011 - 9:10am / 1074 views

more »

Privacy Policy | © 2005-2009 UnitedLiberty.org. All rights reserved.

The views and opinions expressed by individual authors are not necessarily those of other authors, advertisers, developers or editors at United Liberty.