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Rick Perry a fiscal conservative? No way, says conservative Cato Institute

By Wayne Slater - October 9, 2012

Gov. Rick Perry touts his credentials as a fiscal conservative, but the conservative Cato Institute begs to differ. In this year's fiscal report card on the governors, Cato gives Perry a C. The Cato Institute is a nationally recognized Washington D.C. think tank that leans libertarian with an emphasis on free enterprise and fiscal discipline. In its report card, Cato said "many reform-minded governors elected in 2010 have championed tax reforms and spending restraint to get their states back on track. Other governors have expanded government with old-fashioned tax-and-spend policies." Perry is closer to the latter, according to Cato. Here's what it says about Texas under the Republican governor's tenure:

Governor Perry has a conservative reputation, but he hasn't cut state taxes substantially or reduced the size of Texas government. Indeed, Perry has presided over steady increases in spending. Between the 2000–2001 biennium when Perry assumed office and the 2012–2013 biennium, state general fund spending rose at an annual average rate of 3.2 percent, and total state spending rose at an annual average rate of 4.6 percent.

His record on taxes is mixed. In 2003 he signed into law a package of tax and fee increases. In 2006 he approved a business tax overhaul that replaced the corporate franchise tax with a modified gross receipts tax called the "Texas Margin Tax." The new tax hit 180,000 additional businesses and increased state-level taxes by more than \$1 billion annually. The added state revenues were used to reduce local property taxes, but the overall effect of the package has been to centralize government power in the state and reduce beneficial tax competition between local jurisdictions.

On the positive side, Cato said:

Perry has supported increases in small business exemptions for the Margin Tax. And in 2011 he vetoed a bill to tax online purchases. In 2012 he proposed a five-point Texas Budget Compact, which includes transparency in budgeting, a constitutional limit on spending growth, opposition to new taxes, a strong rainy day fund, and the cutting unnecessary government programs.

The full report explains how it came up with his report card. Four governors were awarded an "A" in this report card—Sam Brownback of Kansas, Rick Scott of Florida, Paul LePage of Maine, and Tom Corbett of Pennsylvania. Five governors were awarded

an “F” —Pat Quinn of Illinois, Dan Malloy of Connecticut, Mark Dayton of Minnesota, Neil Abercrombie of Hawaii, and Chris Gregoire of Washington.