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Published online Sept 30, 2010

**POLITICS**

# Cato Institute: R.I. tax reforms best in nation

**By Kimberley Donoghue**  
**PBN Web Editor**

WASHINGTON – Rhode Island’s tax reforms since 2008 have been the nation’s best, according to the 2010 Fiscal Report Card on America’s Governors.

The biennial report, published by the limited-government proponent Cato Institute, highlighted the state’s tax reforms, calling them the "best in recent years."

The report card – which uses data on spending, revenue and tax rates to compute a grade – gave Republican Gov. Donald L. Carcieri a "B" overall and a score of 62 points, a tie with Oklahoma’s Brad Henry. Scores for 45 states ranged from 74 to 19 points; four governors were excluded because of their brief time in office and Alaska’s state budget peculiarities made it difficult to compare.

Massachusetts Gov. Deval Patrick got a "D" and 43 points based on his support for numerous tax increases.

The 10th biennial report card "examines state budget actions since 2008," and rates highest those governors whose states have cut taxes and spending.

Four governors received "A" marks, including: Mark Sanford, R-S.C., Bobby Jindal, R-La., Tim Pawlenty, R-Minn., and Joe Manchin, D-W.Va.

Rhode Island was one of three states to cut its top income tax rates, along with North Dakota and Vermont. Meanwhile, nine states chose to raise the top income tax rates, including California, Connecticut, Delaware, Hawaii, New Jersey, New York, Oregon and Wisconsin, which author Chris Edwards described as a "troubling trend."

"Some governors, such as Quinn, D-Ill., and Kulongoski, D-Ore., seem to view businesses as little more than cash cows to be milked for higher state spending," said Edwards, director tax policy studies at the Cato Institute. "Other governors understand that their states are competing in the global economy and to attract investment they need to reduce marginal tax rates on businesses."

Carcieri earned 61 points for spending and revenue variables and a 64 on tax rate variables, the average score for 45 states was 50.

"Gov. Carcieri has been an impressive tax reformer," said Edwards, pointing to the 2006 law creating an optional flat income tax and the major overhaul in 2010 that dropped the regular top income tax rate from 9.9 percent to 5.99 percent, reduced the number of tax brackets from five to three, raised the standard deduction, reduced tax credits and eliminated the optional flat tax.

Seven governors received "F" marks. "Governors receiving 'F' have put the government’s desire for program expansion ahead of the public’s need to keep its hard-earned money," said Edwards.

**Table 1**  
**Overall Grades for the Governors**

State	Governor	Score	Grade
South Carolina	Mark Sanford (R)	74	A
Louisiana	Bobby Jindal (R)	71	A
Minnesota	Tim Pawlenty (R)	66	A
West Virginia	Joe Manchin (D)	66	A
Wyoming	Dave Frederickson (D)	61	B
Rhode Island	Don Carcieri (R)	62	B
Oklahoma	Brad Henry (D)	62	B
Nevada	Jim Gibbons (R)	61	B
Texas	Rick Perry (R)	61	B

IMAGE SOURCE CATO INSTITUTE

THE CATO INSTITUTE'S 2010 FISCAL Report Card on America's Governors gave R.I. Gov. Donald L. Carcieri a "B" overall and a score of 62 points.