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Cato: Miss. gov gets 'C' on fiscal report card

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JACKSON, MISS.

A libertarian think tank is giving Mississippi Gov. Haley Barbour a "C" for fiscal policy - a rare example of a small-government group criticizing the potential 2012 presidential candidate on money issues.

"Gov. Barbour has a conservative reputation, but his tax and spending record over seven years as governor has not been very conservative," the Cato Institute said in a national report released Thursday.

The report gave high grades to governors who pushed for limited government the past two years, and lower grades to governors who signed tax increases. It criticized Barbour for signing laws increasing Mississippi's hospital tax and cigarette tax.

Barbour signed two cigarette tax increases in 2009. One added 50 cents a pack to all cigarettes. The other added 25 cents a pack to off-brand cigarettes.

The governor pushed legislators in 2009 to revive and update a hospital tax that had been in place about a dozen years but had been blocked by the federal government in 2005. The hospital tax helps fund Medicaid, the government insurance program for the needy.

Barbour spokesman Dan Turner said Friday that the Cato Institute erroneously thought the hospital tax in 2009 was new.

"In fact, during Gov. Barbour's term, the hospital taxes imposed have been \$400 million less than they would have been under existing law when he came into office," Turner said.

Hospitals' cumulative tax payments were lower during Barbour's term because the hospitals did not pay the tax for four years.

Marvin King, a University of Mississippi political scientist, said Friday that the Cato Institute "has a very limited view of what the public good is" and it sees most government spending as taking away people's liberty. King said Medicaid, for example, is mandated by the federal government and states must find a way to pay a portion of the expenses.

"I think Cato is being unduly harsh and unduly idealistic in its ratings," King said. "It grades governors based on a theory. But in the real world, choices have to be made and things have to be paid for. It's not like Haley Barbour hasn't cut (spending) a lot."

Starting in 2005, Barbour pushed to revive an altered version of the hospital tax, and the Mississippi Hospital Association fought the plan.

In June 2009, lawmakers were engaged in late budget negotiations for the fiscal year that was about to begin. That's when hospital association president Sam Cameron held a news conference in the Capitol rotunda and grudgingly urged lawmakers to pass the hospital tax. As Cameron talked about "threats" from the governor, Barbour watched from a balcony one floor above.

The Cato report noted that Barbour had said the tax would ultimately help hospitals because the state could collect more federal money through Medicaid.

"But, of course, the cost of higher taxes collected from hospitals will ultimately fall on citizens," the report said.

The first cigarette tax increase Barbour signed last year took Mississippi's excise tax from 18 cents a pack to 68 cents. It was the first increase since 1985 in the state's cigarette tax, which was one of the lowest rates in the nation by 2009.

Shortly after the 50-cents-a-pack increase was signed, Barbour asked lawmakers to pass the second tax of 25 cents a pack on off-brand cigarettes because companies making those were not paying into a massive settlement of a health-expenses lawsuit Mississippi had filed against cigarette companies during the 1990s.

Barbour vetoed two bills in 2006 that would have increased the cigarette tax and decreased the 7 percent grocery tax. In 2007, one of his Senate allies blocked consideration of a similar cigarette-grocery tax swap.

Barbour was a Washington lobbyist before becoming governor, and his client list included tobacco companies. Some Democratic state lawmakers accused him of vetoing cigarette tax increases to protect his former clients. Barbour said he vetoed the bills because he opposed any tax increases.

In 2008, Barbour appointed a study group that recommended increasing the cigarette tax, and he supported that proposal.