



## **Jan Brewer Gets a "D" in Economics From the Libertarian Cato Institute**

By Matthew Hendley - October 11<sup>th</sup>, 2012

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The libertarian Cato Institute has not been taking it easy on Arizona -- it has consistently said the state's immigration laws are no good for the economy, and now it's giving Governor Jan Brewer a "D" in fiscal policy.

The idea behind the grade is simple: "governors who have cut taxes and spending the most receive the highest grades, while those who have increased taxes and spending the most receive the lowest grades."

Thus, Brewer's GED, excuse us, "D," doesn't sound very Republican-like.

Here's what the Cato Institute has to say about Brewer:

Governor Brewer has gained a national profile with her conservative border enforcement policies. Her fiscal policies have been less conservative. Her budgets have usually proposed substantial increases in spending, and her tax policies have included a mix of tax increases and cuts. In 2010 she helped push through a "temporary" increase in the state sales tax rate from 5.6 to 6.6 percent to raise \$1 billion a year. The tax is set to expire in 2013, but an interest group has succeeded in putting a permanent extension on the ballot for this November. To her credit, Brewer wants the tax hike to expire as promised, but she should have known that "temporary" tax increases often become permanent.

The good news is that Brewer supports business tax cuts to improve Arizona's competitiveness. In 2011 she signed into law a corporate tax rate cut from 6.97 to 4.9 percent, which is phased in over four years. In 2012 she approved further business tax cuts, which mainly included pro-growth reforms such as a capital gains tax cut.

Many Republicans seem to be on the same page about the concept of a "temporary" tax increase often becoming permanent, and state Treasurer Doug Ducey is now rallying hard against the proposed permanent tax set up by Proposition 204.

Brewer's also called out in the Cato Institute's report for the state's "quality jobs" program, which is a per-job tax credit from the state. Of course, that's government intervention to the libertarian types, and the Cato Institute argues the jobs tax-credits have governments "deliberately distorting workforce decisions."

To put this report in perspective, consider the source. Darcy Olsen -- the head of Phoenix's own conservative think-tank, the Goldwater Institute -- used to be a "policy scholar" for the Cato Institute. The Goldwater Institute hasn't exactly been Brewer's enemy.

Although Brewer landed 37th out of the 50 governors in the Cato Institute's scoring, she was the third-worst Republican on the list. She also received a "D" in 2010.