

Minnesota governor receives an 'F' for fiscal responsibility from national think tank

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October 31, 2022

Minnesota Gov. Tim Walz received an F for fiscal responsibility, Cato Institute announced earlier this month.

The nonpartisan, free-market, libertarian association made the announcement in its **2022 Fiscal Policy Report Card on America's Governors biennial report card**, which analyzes governors' actions on state budgets, taxes and spending. It focuses on short-term taxes and spending actions to judge whether governors take a small-government or big-government approach to fiscal policy.

Walz, a Democratic-Farmer-Labor Party governor, was one of eight governors to receive an F. Tom Wolf of Pennsylvania, J. B. Pritzker of Illinois, Gretchen Whitmer of Michigan, Phil Murphy of New Jersey, Kate Brown of Oregon, Gavin Newsom of California and Jay Inslee of Washington also received that grade.

Walz's overall score was 34, landing him at the top of the pack for those who received his same grade. Washington Democratic Gov. Jay Inslee had the lowest score of all: 28. Minnesota's neighbor Iowa's governor, Republican Kim Reynolds, received the highest score on the report, 78.

Republican governors earned an average score of 56 while Democrats earned an average score of 42, the report said. All governors who received an A on the 2022 report are Republicans while all who received an F are Democrats. That has been the trend since the 2008 report.

Walz, who's been in office since 2019, has a big-government approach to fiscal policy that legislators have often rejected, the report said. Walz advocated for tax increases in 2020 to increase spending on transportation, the report said. In 2021, legislators rejected his proposals to **add a new individual income tax rate of 10.85%** for high earners above a 9.85% top rate, raise the corporate tax rate from 9.8% to 11.25% and place a surtax on capital gains and dividends, which would have raised about \$1.6 billion annually, the report said.

According to IRS data, the state lost 6,144 households in 2020, for an inflow to outflow ratio of 0.89, the report said. That ratio is 0.84 for seniors and 0.74 for households earning more than \$200,000. The state ranked 45th on the Tax Foundation's 2022 State Business Tax Climate Index. It ranked 45th for corporate taxes and 43rd for individual income taxes.

“Sadly, some policymakers such as Walz in colder-climate and higher-tax states are in denial about the modern realities of interstate competition,” the report said.