



Just Because California Is Terrible, that Doesn't Mean Texas Is Perfect.

By Daniel J. Mitchell – January 22, 2013

Texas is in much better shape than California. Taxes are lower, in part because Texas has no state income tax.

No wonder the Lone Star State is growing faster and creating more jobs.

And the gap will soon get even wider since California voters recently decided to drive away more productive people by raising top tax rates.

But a key challenge for all governments is controlling the size and cost of bureaucracies.

Government employees are probably overpaid in both states, but the situation is worse in California, as I discuss in a recent interview with John Stossel.

But being better than California is not exactly a ringing endorsement of Texas fiscal policy.

A column in today's Wall Street Journal, written by the state's Comptroller of Public Accounts, points out some worrisome signs.

As the chief financial officer of the nation's second-largest state, even I have found it hard to get a handle on how much governments are spending, and how much debt they're taking on. Every level of government is piling up incredible bills. And they're coming due, whether we like it or not. Even in low-tax Texas, property taxes have risen three times faster than the inflation rate and four times faster than our population growth since 1992. Our local governments, meanwhile, more than doubled their debt load in the last decade, to more than \$7,500 in debt for every man, woman and child in the state. In Houston alone, city-employee pension plans are facing an unfunded liability of \$2.4 billion. But too many taxpayers aren't given the information they need to make informed decisions when they vote debt issues. Recently I spent several months holding about 40 town-hall meetings with Texans across our state. Each time, I asked the attendees if they could tell me how much debt their local governments are carrying. Not a single person in a single town had this information.

In other words, taxpayers need to be eternally vigilant, regardless of where they live. Otherwise the corrupt rectangle of politicians, bureaucrats, lobbyists, and interest groups will figure out hidden ways of using the political process to obtain unearned wealth.