



## The Cato Institute awarded Governor Walz a D on his tax and spending record

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On October 5th, the Cato Institute released its 2020 Fiscal Policy Report Card on America's Governors. This is a report that examines every Governor's action when it comes to taxes and spending records. The report essentially,

*grades governors on their fiscal policies from a limited-government perspective. Governors receiving an A are those who have cut taxes and spending the most, whereas governors receiving an F have raised taxes and spending the most. The grading mechanism is based on seven variables: two spending variables, one revenue variable, and four tax-rate variables. Cato has used the same methodology on its fiscal report cards since 2008.*

### **GOVERNOR WALZ WAS AWARDED A D**

Among the states, only four governors were awarded an A on the report. These are governor that took a combination of among the following actions (1) fended off spending increases (2) cut taxes or vetoed plans to raise taxes (3) cut the rate of growth of spending. These were "Chris Sununu of New Hampshire, Kim Reynolds of Iowa, Pete Ricketts of Nebraska, and Mark Gordon of Wyoming". 7 governors were awarded an F.

Governor Walz was among 13 other governors who had a D grade. In his time in office the last two years, Governor Walz has pushed for increased spending and multiple tax hikes.

*Walz entered office when Minnesota was projected to have large budget surpluses going forward. Rather than save the excess or give it back to taxpayers, Walz planned to spend it and then increase taxes to fund even more spending.<sup>144</sup> Walz's budget "would add \$2 billion more in new spending and taxes would increase by \$1.3 billion to pay for it, with the rest of the money coming from an existing surplus."<sup>145</sup> But Walz had to compromise with the legislature and the final tax increase passed last year was about \$330 million annually, mainly consisting of base broadening related to the federal TCJA.*

*Walz also pushed for higher gas taxes and vehicle fees to raise about \$1 billion annually for transportation.<sup>146</sup> Fortunately for Minnesota taxpayers, the final budget abandoned those increases.*

Minnesota, like many states, is facing a tough fiscal outlook. There is definitely an urgent need for Walz to practice restraint going forward. His track record, however, does not inspire a lot of confidence that he will steer Minnesota in the right direction.