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State finances: Is Markell irresponsible?

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Three major credit rating agencies gave Delaware's debt a Triple-A rating last week, the highest awarded to state governments.

The ratings are a source of political pride for Gov. Jack Markell but also a sign that the state's finances, while challenged, are being managed with care, keeping borrowing rates low.

Fitch said Delaware's economic performance has been "very positive," with job growth outpacing the national average. Moody's praised Delaware's "financial management policies that include frequent revenue forecast updates and conservative budgeting."

That might come as news to the Cato Institute, the libertarian think tank that earlier this month gave Markell an "F" for fiscal responsibility, including Markell on a list of eight Democratic governors to earn the dubious rating.

(Elsewhere in Cato's report, New Jersey Gov. Chris Christie earned a "B" rating despite New Jersey's credit rating being downgraded a record eight times during the Republican's tenure.)

In the Cato report, researchers defended their low rating of Delaware's governor, writing that Markell "has imposed numerous tax increases on Delaware residents," since taking office in January 2009.

Cato noted that, "In 2013 he pushed to make permanent large 'temporary' tax hikes that he had approved in 2009" and criticized Markell for proposing an increase in Delaware's gas tax to fund roadway infrastructure.

It's true that Markell has not been shy about raising taxes.

Facing a budget shortfall in 2009, he raised taxes on personal income over $60,000, upped the cigarette tax, reinstated the estate tax, and imposed higher gross receipts taxes on businesses. He also raised fees for out-of-state companies that incorporate here for access to business courts and raised gambling taxes to levels that casino executives say continue to threaten their business.

Last year, the governor signed legislation removing sunsets on many of the increases, making them permanent.

The higher taxes have helped cover higher spending - most recently in areas like Medicaid and public education where there is little room for reform in Dover. (Markell proposed just $7.4 million in new program spending in January, and not all of his proposals made it through Legislative Hall.)

But Markell has taken some steps that help balance his record on taxes.

He carved out gross receipts tax cuts for manufacturers in an attempt to spur job growth and resisted calls from his left to create a new bracket of personal income taxes for high earners.

Markell's transportation policies don't exactly scream fiscal irresponsibility, either.

During his tenure, and under the direction of Transportation Secretary Shailen Bhatt, the state reduced transportation debt from $1.2 billion to $857 million, a 28 percent drop.

Markell also attempted, but failed, to raise Delaware's per-gallon gas tax from 23 cents to 33 cents to pay for transportation system improvements. The gas tax was last raised in 1995, and since that time, has lost about 34 percent of its value to inflation.

The rating agency Moody's earlier this year cited "declining motor fuel tax revenues" as a threat to the state's transportation program.

Nobody likes higher taxes. And the state faces long-term questions about its reliance on out-of-state corporations for tax revenue, and its spending on health care, state employee benefits and education.

But has Markell acted irresponsibly with taxpayer dollars? Probably not. The latest credit ratings are evidence.