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# Business Scene: Think tank gives Malloy an 'F'

By Scott Whipple - October 22, 2012

No one can accuse the governor of being reticent. Dannel Malloy crashes a room like the ice hockey player he once was, scattering defensemen too slow to get out of his way.

The same can be said of the governor's senior advisor. When Roy Occhiogrosso heard I was writing a piece on the Cato Institute ratings of governors my phone lit up. Cato, the libertarian think tank, had given Malloy an "F," calling him "a good example of a governor who creates a more hostile climate for businesses in general, but then tries to compensate for the damage with tax incentives."

A Wall Street Journal article by Charles Edwards, Cato's director of tax policy studies, noted that Malloy signed into law "one of the largest tax increases of any state in recent years. His 2011 bill increased revenue by $1.8 billion annually, equal to about 15 percent of the state's total tax collections."

"Cato is a subjective, ideological think tank," Occhiogrosso began. "It's ridiculous to view them as an objective benchmark."

He insisted that by "any objective analysis" the state is in a much better shape than in January 2011 when Malloy became governor. He admitted that it's not nearly in as good shape as all of us would like it to be. But "substantial progress has been made. Somebody had to come in and stabilize the state's finance."

Occhiogrosso reminded me that when Malloy took office the state was staring at a $3.6 billion structural deficit.

"Today, we have a budget that's in balance. It fluctuates a bit. Revenues aren't robust. But in 20 months he [Malloy] has closed this deficit with spending cuts, agreements with state union employees to accept wage freezes, achieving $1.6 billion in savings in two years. In the long term, savings to taxpayers will be more than $20 billion."

Occhiogrosso stressed that to think that the deficit could have been closed as quickly as it has without addressing the revenue side of the equation "is not to understand fiscal policy. In short, a tax increase was needed to balance the budget."

Edwards told me his organization is "absolutely nonpartisan. We criticize the fiscal policies of both parties vigorously." To claim that a governor is doing a good job because the budget is in balance is, he said, "ridiculous. Virtually all the states require governors and legislators to balance the general fund every year, either by state constitution or statute."

Edwards said that according to the National Association of State Budget Officers, Connecticut's general fund spending in fiscal 2011 was $17.9 billion the year Malloy came to office. His proposed spending for fiscal 2013 was $19.3 billion — a 7.8 percent increase in two years. Edwards added that Malloy's big tax package signed into law in May 2011 increased the corporate income tax surcharge to 20 percent from 10 percent. Connecticut's basic corporate rate is 7.5 percent. The 20 percent surtax increased it to 9 percent.

"Malloy deserved his 'F' grade," Edwards said.

Could be that Cato's tax guy is a hard marker. Malloy's nemesis, New Jersey Gov. Chris Christie, once considered Republican vice presidential material, only managed a B.