Economic Development Conference

Friday, February 21, 2003

It is good to be with you on this Friday morning. As I said in my recent state of the state address, we have both an immediate challenge and a long-term challenge we must address in Texas.

The immediate challenge is to control spending. Texans have sent their elected officials to Austin to set priorities, not to raise the price of government.

Our long-term challenge is to create jobs, to grow the economy, and to make Texas more resistant to future downturns in the national economy.

These two priorities are directly linked. You cannot on one hand support job creation, and on the other hand support the tax hikes that kill jobs.

Today we are hearing louder voices in support of a personal income tax. But passing an income tax is the smartest thing we have never done. And as long as I have a say, we never will.

The fastest way to hurt the economy in Texas and send jobs elsewhere is to pass an income tax. There's a reason Oklahoma was talking about getting rid of its income tax last year … to compete with Texas for jobs.

According to one economist, in the decade of the 90’s more people left states with income taxes than fled from East to West Germany during the entire Cold War.

To raise more revenue for vital programs, government should not raise taxes, it should help expand the job base.

If we raise taxes, we will not only rob future generations of opportunity and prosperity, we will dry up the revenue sources that fund vital education and health care programs.

The best way to properly fund vital services is to build the foundation for a stronger economy that generates revenue and moves Texas forward.

My blueprint for a balanced budget not only focuses on spending, it includes new efforts to create more jobs.

In the last three weeks, we have heard two very good pieces of news: Hewlett Packard will transfer 475 jobs to Houston from California, and Toyota will bring at least 2,000 jobs to San Antonio…in each case because of our strong
business climate.

But the lesson of these two success stories is not complacency...Just the opposite: we must do even more to grow our economy and to avoid future economic downturns.

In the case of Toyota, it was not the largest incentive package that brokered the deal, but the coordinated commitment of state, local and private leaders who responded in rapid fashion to the opportunity that was before us.

It is time to streamline our economic development efforts in this state so that we can land more companies and thousands of additional jobs.

That’s why I believe it is time to transfer state economic development efforts to the governor’s office. This will send a message to companies looking to expand or re-locate: Texas places the highest regard on job creation.

The centerpiece of my job creation proposal is the creation of a $390 million Texas Enterprise Fund. To meet the demands of a competitive marketplace, we must be nimble, aggressive and forward-looking.

We should set aside $200 million to close the deal with companies like Toyota, recognizing that not one dollar would be spent without the guarantee of jobs and paychecks coming to Texas.

We should also fund efforts to attract Nobel laureates and endowed chairs in the promising fields of technology and biotechnology – fields that have the promise to spin off jobs and lead to economic clusters that serve as long-term sources of prosperity.

We must also keep the pioneering technology companies we have. That’s why I have weighed in behind the important effort to keep Sematech in Austin. A $40 million investment from an Enterprise Fund could bring a great return on our investment in the years ahead.

An Enterprise Fund would jump-start worthwhile economic development projects in cities across Texas, and could even help fund needed medical facilities greatly needed along the border.

But I can’t sell this concept on my own. I need your help to deliver a simple message to the Legislature: there is no better time to invest in economic development than when our economy is uncertain!

To further protect our job base, we need not only an Enterprise Fund, we need to continue the effort to stop the lawsuit abuse that threatens jobs and raises the cost of business.

We are seeing what lawsuit abuse can do to an entire industry as physicians leave the practice of medicine all over this state.

Doctors should spend more time examining patients and less time being cross-examined in the courtroom. Likewise, when frivolous lawsuits drive up the cost of business in other sectors of the economy, that increased cost simply gets shifted to the consumers.

We cannot let frivolous litigation be an impediment to job creation!

The economic future of Texas depends on the men and women in this room. You are the Texans on the forefront of opportunity, innovation and achievement. That’s why your voice must be heard this session.
Legislators need to hear the message that tax hikes kill jobs, tax hikes keep companies from investing in Texas, and tax hikes undermine long-term efforts to provide vital services.

Right now our families are making due in tough times. They are paying higher insurance costs, and seeing the value of their pensions decline. Some are trying to save for their children’s college education, and others are paying an elderly parent’s nursing home bills.

We cannot ask hardworking Texans to sacrifice even more so government doesn’t have to.

If we control spending, set priorities, and invest in long-term economic growth, then we will have a strong foundation by which we can fund the human investments we are all committed to funding. Together we can build a more vibrant Texas that stands out as the global model for opportunity. And as a people used to attempting and accomplishing big things, Texans expect nothing less.

Thank you, God bless you and God bless Texas.