Gov. Rick Perry Speaks at Texas Chemical Counsel

*Note - Gov. Perry frequently departs from prepared remarks.

Wednesday, October 22, 2003

Thank you Ron (Dipprey.) I am honored to be with you today, representatives of an industry with 200 facilities across our state, and that employs 400,000 Texans. You contribute greatly to our economy, to the tax base for our schools, and to a better quality of life for people around the globe. I am grateful for the contributions you make. I consider there to be three chief threats to our businesses, and to the prosperity of our state as a whole: over-taxation, over-regulation and frivolous litigation. I want to talk to you about two of the pieces of that three-legged stool, taxes and torts in Texas.

When the economy is slow, I believe it is precisely the wrong time to raise taxes. Unlike approximately 20 other states, we dealt with tough economic times by buckling down and making ends meet. When we convened in January, we did two things in short order, we required nearly every state agency to produce cuts of 13 percent for the remainder of the fiscal year. And second, unlike past budgeting practices this time we wrote our budget from zero. No government program, and no government expenditure, was immune from inspection. Every state agency had to explain their priorities, and identify ways they could create additional savings. And we refused to budge from our position of “no new taxes” even as the voices of big government began to fill the editorial pages and the halls of the State Capitol with outrage.

Proponents of bigger government have complained I have been hard-headed in my opposition to tax hikes. They call it political calculation. I call it an act of principle. At the end of the day, taxpayers got a budget that did not contain one cent in new taxes, that increased funding for priorities like education and health care, that invested in private sector jobs, and that spent $2.6 billion less in general revenue. In tough economic times, a lot of leaders like to talk about jobs. But you can't create jobs by passing the tax hikes that kill jobs!

Slowly but surely we are starting to see a few rays of light penetrate the dark economic clouds that have hovered over our state. Since September of last year, Texas has added 44,000 new net jobs. We are seeing investments in diverse economic sectors in Texas. A $2.4 billion investment by Toyota, coupled with a $3 billion investment by Texas Instruments and a $500 million investment by Samsung will create thousands of jobs in San Antonio, Dallas and Austin. More than 4,000 jobs have been created in the last nine months in South Texas in the customer-service industry. And there are signs the national economy is picking up too. Even the editors at the New York Times let a little good economic news slip into their October 19th edition, in two sections of the paper believe it or not! Business writer Paul Andrews writes: “To the surprise of many naysayers, economic data from the past several months suggests that the $350 billion tax-cut package may indeed have jolted the economy.” And on the opinion page, Richard Stevenson

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Texas is particularly well-positioned for new jobs and economic growth. Not only are we a top trader, but we have seen dramatic improvement in our schools, we have made a greater commitment to competing for business expansions and re-locations, and we have a tax burden that is 32 percent lower than the national average. Texas remains one of only a handful of states with no personal income tax. Passing a personal income tax is the smartest thing, we have never done! It remains a little known fact that during the decade of the 1990's, more people migrated to states with no income tax than fled East Germany for West Germany during the entire Cold War.

We also addressed one of the top job-killers in America: frivolous lawsuits. I want Texas employers to hire more workers, not more lawyers. We want businesses to invest their resources in the economy, not the courtroom. We passed the most sweeping tort reforms in the nation. Legislators placed caps on arbitrary non-economic damages, caps that not only will immediately protect doctors, but if a future legislature so chooses, can be applied to other civil matters. We reformed our class action laws. A recent Texas case illustrates the gross abuse perpetrated by lawyers who file class action suits. We had two auto insurers sued for rounding up premium bills to the next dollar. My quarrel is not with whether those insurance companies should have engaged in such a practice, but with the fact that the trial attorneys made $8 million while the clients made less than $6 each. That is wrong. Our new law requires the judge to limit the lawyers to a fee that is reasonable under the circumstances.

We also took on this scam where the lawyers receive a large fee in cash while the clients receive payment in coupons. From now on in Texas, if the clients get paid in coupons, so do the lawyers! We passed a new offer-of-settlement law. If a party refuses a settlement offer, and receives significantly less from a jury than what was offered at settlement, they will pay the other side’s legal fees and costs from the date of their refusal. In Texas we also created a new standard for proportionate responsibility to ensure everyone pays their fair share. Just because you have the deepest pockets, or possibly the only pockets left, doesn’t mean you should pay for someone else’s mistake. Under our new law, you don’t get blamed for what you didn’t do. And we made sure that parties will not be denied the right to appeal simply because they could not afford the required appeal bond. That means if one of your companies gets hit with a $200 million verdict, you don’t have to liquidate your assets just to get your day in an appeals court. These comprehensive reforms restore balance to the Texas system of justice while maintaining proper protections and compensation for Texans who are truly harmed. Of course, I remain committed to one more reform that must be passed, asbestos reform that protects those truly injured but, prevents companies from being run out of business because of trial lawyers filing claims for individuals who show no signs of asbestos-related illnesses!

I want entrepreneurs and job creators, not just in Texas, but all across the nation to know this state is wide-open for business. We are aggressively seeking to be the ideal state for re-locations, expansions and start-up ventures. With the new $295 million Texas Enterprise Fund, we have one of the best business incentive funds in America. As this economy moves toward recovery, and businesses like yours consider how you will grow, I am asking that you look to Texas. We welcome innovation and ideas that will grow the marketplace and create jobs. I want to be a partner with the private sector in this important endeavor, and my door is open to you as we seek ways to create growth and opportunity for the citizens of this state. Thank you, and God bless you.