Gov. Rick Perry Speaks at Texas Association of Business Luncheon

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

Tuesday, January 25, 2005

Thank you Tom (Melo, Chairman). It is an honor to be here with so many men and women who are building the foundation for a prosperous future by providing jobs for the people of Texas. It’s good to see my friend and former colleague Bill Hammond, who is doing a great job leading this organization and giving lawmakers the pulse of the business community, which, I might add, is beating pretty strong these days.

Since September of 2003, Texas employers have added 162,000 new jobs. In 2003, we landed 9 of the 24 largest capital investments in the nation. Sales tax collections are up and most economic indicators point to sustained growth in the future. Tomorrow in my state of the state address I will make the case for a future of limitless possibilities, a future that lies ahead if we make needed reforms to education, and increase our investments in job creation. And I will also ask them to keep Texas on the path of fiscal responsibility that we set in the last legislative session. One big reason for our strong economic growth is the decision Texas made in 2003 to keep taxes low, invest in job creation and put a stop to lawsuit abuse. Two years ago, the state of Texas faced a record $10 billion budget shortfall. Some said we had to raise taxes. I said we had to cut spending. And that’s what we did, reducing general revenue spending by $2.6 billion. In Texas we know that the best way for government to meet the needs of the people is to work to grow the economy, not Texans’ tax burden. Not only did we hold the line on taxes, we increased education funding by $1 billion, added a billion more for healthcare, and established new tools to attract and create jobs.

Because of our fiscal discipline, and our wise investments and the growth in the private sector, we have transformed a record shortfall into a revenue surplus, an amazing turnaround that few states can boast of in just two short years. We made an unprecedented commitment to bring jobs and opportunity to our state by establishing the $295 million Texas Enterprise Fund. Since the legislature last met we have allocated $200 million of those funds to bring more than 22,000 new jobs to Texas and pump more than $6 billion into our economy. The Enterprise Fund helped us land the largest job creation project nationwide for the last four years, an expansion by Countrywide Financial that will bring 7,500 jobs to Texas. Vought Aircraft, Citgo, Texas Instruments and others are investing billions in the state economy because the Enterprise Fund gave us the leverage we needed to close the deal with each of them. By any measure, the Enterprise Fund has been an unparalleled success, so successful in fact that Site Selection Magazine called it the state’s “not-so-secret-weapon” in the battle to create jobs when the publication named Texas the number one state in America to do business for 2004. That is why I have asked the legislature to authorize $300 million to replenish the Texas Enterprise Fund so we can continue to let the world know that Texas is wide open for opportunity.

I have also asked the legislature to dedicate an additional $300 million to an Emerging Technology Fund that will focus
on fostering innovation in emerging high-tech industries and accelerating the commercialization of new products from
the lab to the marketplace. These funds will be used to encourage research collaboration between higher education
and the private sector, to match research grants awarded by other sponsors, and to help make Texas public
universities world leaders in technology research and development by attracting more top-notch research teams from
other universities. With the Enterprise Fund we can invest in specific job creation projects. With an Emerging
Technology Fund, we can invest in the foundation industries of the 21st Century economy. We did something else that
was essential to promoting job growth, we addressed one of the top job killers in America, frivolous lawsuits.

Our lawsuit reforms were the most sweeping in the nation, and I can't help but note the similarities between our
reforms and the proposals President Bush has put before congress, including capping medical malpractice payouts
and class action reforms. The president knows what the people of Texas know: Every dime a business spends
fighting off a junk lawsuit can be better spent creating jobs. In Texas, we have the opportunity this session to build on
those reforms by putting a stop to frivolous asbestos lawsuits. I say now is the time to get it done. We can care for
those who are truly sick and protect honest employers who are wrongly targeted by trial lawyers playing the lawsuit
lottery.

And while we're at it, I am confident we can relieve Texas employers of some of the highest workers compensation
costs in the nation. Those who think workers compensation is a minor issue should consider the price paid by O'Reilly
Auto Parts. Texas is home to one-third of their workforce, and nearly two-thirds of their workers compensation costs.
Stories like this are all too common. The workers comp system in Texas is so broken that it might actually qualify for
workers comp too. And in this session, we are going to prescribe the changes needed to get it back on its feet for
employers and injured workers.

Two years ago Texas chose the right path by limiting the size of government and making wise investments. Now is not
the time to wander from that path when it is a proven recipe for prosperity. We can make wise investments that stand
the test of time, as we have done for a decade in education. In the debate about school finance, it’s important that we
not lose sight of the big picture. This session is about more than lowering property taxes and making changes to
convoluted school finance formulas. While those are important goals, this session is first and foremost about providing
a great education for every child, regardless of where they come from, the sound of their last name, or the heritage of
their family.

I believe we must focus reform where it is needed most, in schools where we have large numbers of economically
disadvantaged students, where graduation rates are low, and where too few children graduate prepared for college
and success in life. I want to provide strong salary incentives for teachers who succeed in the hardest learning
environments. Merit pay works in your businesses every day when you reward top performers. It can work in our
public schools too. How we pay for education reform will be a subject of intense debate, and I welcome that debate. I
believe we can find revenue options that support our school while protecting the engine of growth in Texas: job
creation. And not only should we protect jobs, we must pass a significant property tax cut that Texans can feel, take
to the bank, and count on in the future, and not for just one year.

What some call monumental challenges, I consider to be great possibilities. If we protect the job climate, improve
education, and lower property taxes, the possibilities for our future will be limitless. Thank you for what you do for
Texas, for our families that depend on you to make a living, and for our communities that depend on you for growth.
As we roll up our sleeves, I want you to know that my door is open to the leaders here today and all who come in
good faith to build a better Texas. Thank you.