Gov. Rick Perry's Remarks to the Texas Public Policy Foundation

Thursday, January 27, 2005

Thank you, Elizabeth. The House's loss is truly all of Texas' gain. I can promise you this: Elizabeth Ames Jones will be an outstanding Railroad Commissioner for the people of Texas.

It is an honor to be with so many men and women whose brainpower provides the fuel for the free market movement, and whose ideas are changing Texas for the better. The Texas Public Policy Foundation fulfills a vital function in the legislative process, advocating grand ideas and making sure free market principles are not left out of the debate when it comes to taxes, education and health care. I am thankful for your intellect, and your commitment to a better Texas.

Let me also say a special word of thanks to the many lawmakers here today, the ones who made the right decisions and cast the tough votes two year ago. Better times are ahead because you faced tough times with a fiscally responsible approach. I have never been more optimistic about our future, in part, because of how far we have come together in two short years. 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. 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 the $295 million Texas Enterprise Fund, a new job creation tool that Site Selection Magazine called our "not-so-secret weapon" when they named Texas the best state in America to do business. 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. 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. 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. I have always believed the
best recipe for prosperity is to grow the economy instead of the average citizen’s tax burden. And we can do more to protect jobs by putting a stop to frivolous asbestos lawsuits. Every dime a business spends fighting off a junk lawsuit can be better spent creating jobs. 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. And in this session, we are going to prescribe the changes needed to get it back on its feet for employers and injured workers.

Critical to creating jobs and growth is an infrastructure system that keeps commuters and cargo moving. I know that concept can seem foreign sometimes when you’re stuck on I-35. That’s why we are building the Trans Texas Corridor, a new blueprint for transportation that uses free market principles and the resources of the private sector to address Texas’ 21st Century transportation needs. Not only will the Trans Texas Corridor make transportation faster, safer, and easier on the environment, it allows the free market to determine when a new corridor will be built. Under this new vision, roads won’t be built until they are necessary. And more importantly, roads will be built when they are necessary. When you consider that the total state share of the gas taxes we collect no longer pays for maintenance costs, let alone new construction, then clearly the old way of building roads will not keep with growth. We have to do things differently, and we are, in fact, we’re leading the way compared to the rest of the nation with the Trans Texas Corridor.

As the economy improves and more revenue flows to state government, we must redouble our efforts to ensure that taxpayer dollars are used wisely, and for their intended purpose. That’s why I have called for the creation of Inspector General positions at several large state agencies. An Inspector General would be a watchdog for taxpayers, accountable not to the bureaucracy, but to the agency’s independent board or commissioner, with the broad authority needed to launch thorough investigations and make sweeping changes to the structure and culture of an agency. I offer as an example newly-appointed Inspector General Brian Flood at the Health and Human Services Commission, whose work led to strong recommendations to restructure protective services so that the state does a better job of caring for our most vulnerable populations at risk for abuse and neglect. With an appointed inspector general at other key agencies, we can not only ensure better stewardship of public dollars, we can ensure that our government is doing the job it is supposed to do.

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. How much money we spend on education is important, but not nearly as important as how the money is spent. I want to dedicate new money to education in a way that draws the very best from our teachers and students. Salary incentives of up to $7,500 for our best and brightest teachers, achievement incentives for economically disadvantaged school districts, and financial rewards for schools that inspire students to take the hardest course of study will ensure that we not only spend more on education, but get more education for our money.

It’s also time we let free market principles improve public education with a new school choice program. Every child is entitled to a public education, but public education is not entitled to every child. 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 schools 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. That means we must also cap property appraisals, because it’s not a tax cut when your rate goes down if your total tax bill goes up. A new “Truth in Taxation” initiative
that requires local elected officials to vote on whether to keep extra revenue generated by appraisal growth can help put a stop to taxation by valuation. In order to get better results in our schools, we need more transparency in school budgeting. That’s why we also need a “Truth in Spending” initiative that gives every taxpayer detailed information on how local school dollars are spent. As we look to lower property taxes and develop new a new method of paying for our schools, we must never forget that the goal is to create greater tax fairness, not a greater tax burden for the people of Texas.

We must not retreat on the principle that has led to our prosperity, fiscal responsibility. We did not tax and spend our way to a surplus, and we need not tax and spend our way to future shortfalls. Our challenge is to make sound, strategic investments that stand the test of time. A new era of possibility awaits us, one full of promise and prosperity if we invest in our children, and the opportunities worthy of their future. Together, I have every confidence that we will seize the moment and build a Texas of unlimited possibility.

Thank you, may God bless you, and may God bless Texas.