Gov. Perry Addresses the National Federation of Independent Businesses

Pledges to hold the line on government spending to keep the Texas economy strong.

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

Tuesday, February 17, 2009

Thank you, Will [Newton, NFIB Executive Director] for that introduction and thank you to all the members of NFIB for all you do to keep Texas working.

In tough economic times like this, the talking heads never seem to run out of opinions on how to fix things, but I get the distinct impression that some of the loudest voices have never run a business, never had to make a payroll, and never had to risk personal capital on a new venture.

When it comes to economic issues, I believe that academics and politicians have something to offer in the discussion, but I'd rather turn my ear to folks like you who understand economics because you HAVE to, not just because they make for nice dinner conversation.

That’s why I held a number of roundtable discussions with business leaders at the end of last year, to find out what’s really going on out there…and I’m still listening.

That’s why I’m here today, to spend time with the people who actually do what government usually tries to claim credit for: creating jobs, attracting investment and generating wealth.

Now, I will say that government has essential responsibilities in those areas, but ours is a complementary role.

I’m a firm believer that the role of government is to provide the most level playing field possible, by keeping taxes low, government spending down, our legal system fair, and our regulations as predictable as possible.
I believe government should invest in key areas where providing an incentive can mean the difference between a company falling short of its goal and success in the marketplace, using resources like our Texas Enterprise Fund or our Emerging Technology Fund, which have built-in accountability in the form of jobs for Texans or royalty payments for the state.

Outside of these basic responsibilities, I believe that government needs to stand back and let folks like you go about your business. On the whole, I’d have to say that approach has been pretty effective.

As you’ve heard me say, Texas leads the nation in Fortune 500 companies, exports and job creation. For example, roughly 70% of the jobs created in the United States from November ‘07 to November ‘08 were in Texas. That represents about 221,200 more Texans working to pay their bills and feed their families.

Our 2.1 percent annual growth rate would have seemed a little small two or three years ago, but it is much better than the national rate. Measured this past November, the United States annual growth rate was -1.4 percent. That’s negative one-point-four.

So our state has done well, but you know as well as I do, that things are tightening up across the board, as our economy shows symptoms of the troubles affecting the rest of the world.

For example, our comptroller has projected the loss of 111,000 jobs between now and September, thanks to the lingering effects of Hurricane Ike, extended benefits, and these national economic challenges.

That said, our unemployment rate is still a full point lower than the national average, and the comptroller predicts those jobs will likely rebound in the fourth quarter.

In the months to come, I believe that our economy, our infrastructure, our workforce and our culture will continue to exert their strong magnetic pull on jobs.

For example, in just the past few months, we have seen companies survey their nationwide operations, assess the business climates at their diverse locations, then choose Texas as the best place to move jobs.

Just last week, USAA announced plans to move 1,000 jobs to San Antonio.

Considering all that Texas has to offer, from our low taxes to our affordable quality of life, I will not be surprised if more companies follow their lead.

That said, I think we can do more to make Texas the best option for companies that employ Texans…or would like to.

I won’t ask for a show of hands, but I bet some folks in this room could tell us about regulations they battle every day, rules that don’t reflect the advance of new technology, or take into consideration the realities of rapidly-changing market conditions. We need to update regulations like that.

I also believe we need to take a close look at the reformed business tax we implemented a few years ago. Some might say it’s too soon after just one collection cycle, but we have plenty of feedback from the Comptroller, and even a few comments from business owners like you, that make me think it’s time to start improving it.

Like you, I support raising the small business exemption to $1 million. During the remaining days of the session, I’m looking forward to hearing what our friends in the Legislature have to say, folks like the House’s Rene Oliveira and John Otto, as well as Chairman Ogden.

This would play into my desire to reduce the crushing weight of government, so that employers like you have the
breathing room you need to make it through this economic rough patch.

This is clearly not the approach the federal government is taking, but Texas and Washington parted ways a long time ago on economic matters.

There are some who view the wave of taxpayer dollars about to surge out of Washington as the answer to all of their prayers, and want us to welcome every last bit with open arms.

However, we Texans know it's actually a good idea to look a gift horse in the mouth, so you don't get stuck with a broken down old nag.

As we begin taking a close look at this new package, we see commitments with miles of string attached, that place a massive debt burden on future generations, and obligate Texas to recurring expenditures that we cannot afford.

Distance from the taxpayers seems to cause a dislocation from reality, the reality that the dollars they spend so freely don't fall from the skies.

Instead, those dollars come from the pockets of hardworking taxpayers--business owners like you--who will end up keeping fewer of the dollars they earn.

If Washington plans to send back the tax dollars Texans have paid for one-time expenditures like infrastructure improvements, I’m all for it.

However, we need the freedom to pick and choose our obligations, so we can say “no thanks” to items that stick us with the bill in the out years, when Washington goes flying after the next miracle cure.

Continuing our track record of taking the fiscal conservative approach is the best choice at this point. That approach got us out of a $10 billion budget shortfall in 2003 when Texas was one of several states in a tough financial situation.

The states that chose to raise taxes and take on massive debt to fix their problems are in worse shape today, cheering for that big slug of federal money, no matter what the cost.

We must never let Texas slide backward into that hole, no matter what states we’d have in there to keep us company.

I am committed to working with our legislators to keep Texas living within its means, continuing our adherence to proven fiscal principles, and making tough choices, even in the face of ugly numbers.

It may not be the most popular choice, but it is the wisest one, that will keep Texas strong in the months and years to come.

Thank you all for your passion, your principled leadership of your companies and your engagement in these vital issues.

I pray God will bless your efforts with continued success, and bless our state with continued prosperity.

Thank you.