

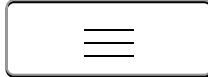
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## Ginn: Bolster the Texas model to sustain prosperity

Posted: 6:00 p.m. Tuesday, Aug. 26, 2014

By Vance Ginn - Special to the American-Statesman

Texas is the land of opportunity. The Texas Legislature would be wise to enhance the Texas model promoting individual liberty and economic prosperity by advancing pro-growth reforms next session.

Citizens residing along the eastern portion of the southern border between Mexico and the U.S have historically considered this area unique. The Texians believed this after winning independence from Mexico, becoming the Republic of Texas in 1836. The Texans understood this when the U.S. annexed this area, making Texas the 28th state in 1845.

Given the state's acclaimed status today, Texans have good reason to maintain this belief.

Texas is the nation's second largest economy, ranking the twelfth largest in a world scorecard between Canada and Australia. Our robust economy may lead to Texas besting all other states in job growth for the fifth consecutive year.

During recent testimony before the Texas Senate Finance Committee, John Heleman, chief revenue estimator at the Texas comptroller's office, highlighted how the state's economic success is gaining momentum, generating substantially more tax revenue than projected last December.

For example, the comptroller forecast that state sales tax revenue would increase by 3.5 percent this year; however, it's growing at a 5.2 percent clip. Severance tax collections from oil and gas production are growing at a much faster pace than previously thought. These higher revenue totals across the board will likely

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lead to sizable potential budget surplus at the end of the state's 2015 fiscal year.

With Texas' impressive record of a government largely staying out of the way of the private sector, how should state officials proceed next session with so much taxpayer money available?

Legislators should strongly consider measures supporting opportunities for all Texans to achieve their dreams.

Topping the list should be restraining the growth rate of state spending. A good start would be to consider the recommendations by the 14 organizations in the Conservative Texas Budget coalition that suggest limiting total state spending growth to the rate of population growth plus inflation. Spending would be held at or below this rate by rigorously prioritizing expenditures.

Additional funds available beyond this amount should go toward eliminating the state's costly business margin tax. This would allow Texas to be the only state without both income and business taxes, further fostering the economic miracle.

Unfortunately, there is no budgetary mechanism for legislators to easily cut the budget and steer surplus funds to taxpayers. This weakness can be addressed next session if legislators create a sales tax relief fund.

Such a fund would provide a tool for legislators to reduce the bottom line of the budget by not spending every available dollar. Instead, excess tax money may be appropriated to temporarily cut the state sales tax rate, providing tax relief for all Texans.

Passing it in 2015 would allow this crucial mechanism to be available during the 2017 session.

Legislators should also consider regulatory reforms that unshackle the chains of Texans' entrepreneurial spirit.

By making these key reforms, legislators will help perpetuate Texas as the land of opportunity.

*Ginn is an economist in the Center for Fiscal Policy at the Texas Public Policy Foundation, a nonprofit, free-market research institute based in Austin. He may be reached at [vginn@texaspolicy.com](mailto:vginn@texaspolicy.com).*

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**GeraldC**

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The Texas Model is successful because an economy needs energy to function. Someone has to spend money on energy before Texas can earn and save money. Texas, Oklahoma, Wyoming, North and South Dakota, etc. just happen to set over an ancient sea bed that collected organic material over millions of years and formed pools of oil and gas. Thus, we are able to place a straw in these pools and suck out the energy for sale. It is foolish to advertise that small government, low taxes, and deregulation had anything to do with this. That is zombi economics that is at the root of the Great Recession. Ginn is playing a hand of liar's poker to support the wealthy.

8:21 a.m. Aug. 27, 2014

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