



Gov. Rick Perry hails Texas model, calls for tax cuts, money for infrastructure project

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AUSTIN — Gov. Rick Perry boasted Tuesday that Texas has become a national model of economic success under his tenure, assuring lawmakers they can deal with pressing water and transportation projects and fund state needs while keeping the brakes on spending.

"We led the nation out of recession and into recovery," the Republican governor said in his biennial State of the State address to a joint session of the Legislature.

His message was replete with popular conservative themes — small government, low taxes and defiance of Washington. Perry said Texas has more money than it needs and he called for amending the Texas Constitution to allow the state to return tax money it collects but doesn't spend.

"As to how we provide that relief, there are plenty of good ideas," he said, asking that taxpayers send suggestions to his website.

Perry recommended \$1.8 billion in unspecified tax relief. Most of the state's revenue comes from sales taxes, so direct refunds to taxpayers would be difficult.

And his rosy fiscal picture was rejected by Democrats, who warned that Texas under Perry's stingy budgets has badly shortchanged public schools, health care and other programs. They called for restoring deep budget cuts of two years ago.

"He's working to create greater and greater disinvestment in the future of the state," said Sen. Wendy Davis, a Democrat from Fort Worth. "That might be fine for his political purposes, but it's not fine for our state."

Perry's speech was aimed at two political audiences — Texans, who will vote for governor again next year, and national GOP voters, who will determine the party's nominee for president in 2016. Perry fumbled his White House bid last year but has indicated he wants to run again.

To win over national GOP voters, Perry would need to repair the damage from his ill-prepared and short-lived campaign, capped by an "oops" debate moment in which he couldn't remember the three federal agencies he'd promised to abolish if elected president. Tuesday's address, touting tax cuts and the success of the Texas economy, reflects the kind of message that Perry aides believe would particularly appeal to conservative voters.

Perry's future electoral prospects are unclear. A poll released Tuesday found that most Texans don't want him to run for re-election next year or for president again. "He's among the most unpopular governors in the country," according to the analysis by Public Policy Polling, citing higher unfavorable than favorable ratings.

Tuesday was Perry's seventh State of the State message since becoming governor more than a decade ago. It was a stark contrast to his address two years ago when the state struggled with a \$27 billion budget shortfall and an anemic economy. Budget-writers responded with deep cuts to education, health care and other programs.

Texas has rebounded from the recession better than most other states, in part because of soaring revenue from oil and gas production. Perry credited conservative policies for the state's success.

"The tough decisions we faced last session tested our resolve and our dedication to the principles that brought us here," Perry said Tuesday. "In the end, we remained dedicated to those principles, holding the line on taxes, spending within our means and making the tough decisions separating wants from needs."

Speaking in the ornate House chamber, Perry said for the first time that he supports taking \$3.7 billion from surplus to build highways and water facilities. The governor has been reluctant to tap the state's rainy day fund in the past but said the need for water and transportation projects is great and the spending would be a one-time thing.

He was interrupted once by a protester who shouted that too many Texans lack health insurance. Republican lawmakers stood and applauded, drowning him out until Capitol police escorted the demonstrator from the chamber.

Perry said nothing about restoring funding to schools, which lost billions of dollars in the current budget, prompting larger classes, fewer teachers and reduced programs. But he promoted the idea of creating more public charter schools, which are freed from some state regulation, and advocated a scholarship program for students to attend private schools.

He offered few details, but some advocates are suggesting an indirect voucher system in which the state gives tax breaks to companies, which then provide such scholarships.

Senate Democratic Caucus Chairman Kirk Watson of Austin said Perry's call to curb spending and cut taxes would hurt middle-class citizens and Texas businesses over the long run.

"They need good schools, colleges, universities," said Watson. "They need reliable water supplies, roads and transportation networks. They need efficient and effective hospitals, clinics, nursing homes."

Although Perry has aligned himself with social conservatives, he didn't mention abortion, gay marriage or other subjects on the agenda of the religious right. He also didn't deal with immigration.

Two years ago, as he prepared to run for president, Perry called for abolishing "sanctuary cities," where police are barred from asking those they stop about their immigration status. And he called for criminal penalties against employers who hire workers who are in the country illegally.

But the national immigration debate has shifted significantly since then, with many in the GOP warning that the party is failing to attract a growing Hispanic population because of its harsh rhetoric and anti-immigrant policies.

Perry also repeated that Texas will not accept federal funding to expand Medicaid under the federal health care law. And he declared the state will not assist in the implementation of so-called Obamacare by creating state insurance exchanges, as provided in the law. In cases where states decline to set up exchanges, the federal government will do it for them.

On Medicaid, he said, "Texas will not drive millions more into an unsustainable system, and that stance has not changed an iota."

Staff writer Robert T. Garrett in Austin contributed to this report.

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UPDATE: Protester arrested

UNINSURED: Law officers arrested a member of the group Texas Organizing Project after he shouted out about uninsured Texans during Gov. Rick Perry's State of the State address in the Capitol on Tuesday.

DETAINED: Texas Department of Public Safety officers detained the Rev. James Caldwell, 59, in a room outside the House chamber and later led him out of the Capitol in handcuffs, said the group's executive director, Ginny Goldman.

DISRUPTING: Caldwell was charged with disrupting a meeting or procession, a Class B misdemeanor, and was taken to the Travis County Jail, a DPS spokesman said. Members of the group were demonstrating outside the Capitol before the speech as well.

Kelley Shannon



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