



For Immediate Release
April 14, 2009

Contact: Brent Connett
Phone: (512) 474-1798

TCC Issues Rebuttal to Select Committee Report on Stimulus

AUSTIN, TEXAS— *the following statement may be attributed to Wayne Christian, President of the Texas Conservative Coalition, regarding the preliminary mid-session report of the House Select Committee on Federal Economic Stabilization Funding:*

“The preliminary mid-session report issued today by the Select Committee on Federal Economic Stabilization Funding perpetuates the flawed philosophical underpinnings of the federal stimulus and parrots the President’s false promise of government spending as the solution to the economic crisis.

“Contrary to the rhetoric of the Select Committee report, the report fails to accomplish some basic tasks assigned by Speaker of the Texas House Joe Straus. In fact, the Select Committee goes well beyond its scope by inventing a ‘structural deficit’ and implicitly arguing that property tax rate relief was a failed policy goal. Property tax rate relief was constitutionally and financially necessary in 2006, and additional relief remains a priority that the Legislature must pursue.

“The preliminary report of the Select Committee suggests that Texas take advantage of federal matching funds as though they are free money. In reality, federal matching funds drive increases in state spending, exposing taxpayers to increased tax liability from both federal and state governments.

“Furthermore, by basing many of its arguments on the false notion of a ‘multiplier effect’, the Select Committee report makes the flimsy argument that government transfer payments and redistributions create new wealth that will grow the state economy.

“The report of the Select Committee makes unsubstantiated arguments that will lead our state down the failed path pursued by the federal government and bankrupt states such as California.

“In stark contrast, Texas’ recent economic record is unparalleled in the nation, and should serve as a testament to a responsible state economic approach. Texas created 393,300 jobs over the past two years, which is 124,300 more jobs than the President and the Congress speculate might come from the first two years of their stimulus package.

“There is a simpler, proven way to grow the economy and create jobs: by keeping taxes low and by relying on targeted investments in job growth. The Select Committee report is silent on responsible recommendations for one-time uses of the federal stimulus funds coming to Texas, such as purchasing textbooks and technology for public schools and providing resources for teachers to engage in additional professional development.

“Sound fiscal policy is the key to economic growth. Legislators should reject the philosophical underpinnings of the preliminary mid-session report of the Select Committee on Federal Economic Stabilization Funding.”

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