



Texas Legislature's
TEA Party Caucus
Advisory Committee



May 10, 2013

Honorable Members of the Texas Legislature:

The Lone Star State has become a model of economic growth through careful adherence to thoughtful fiscal discipline. However, there are some trying to push the state in the direction of more government, more spending, and more taxes.

We strongly urge the Legislature not to deviate from what has been a highly successful path.

Put simply: the Legislature should neither exceed the state's spending limit—by any amount—nor should dollars be removed from the state's Economic Stabilization Fund (ESF) to pay for ongoing government expenses or new programs.

California stands as an example for us. In the 1980s, California's economy was thriving and tax receipts robust. Over the course of several decades, however, California lawmakers spent everything they had and ran up debt to boot. Today, the lusterless Golden State is no longer thought of as the nation's economic powerhouse, and its finances are in notoriously poor shape.

Texas must avoid becoming like California.

Ensuring that Texas does not suffer this fate begins with prudent decision-making on the Economic Stabilization Fund. The ESF was established to address shortfalls in the budget arising from economic downturns. By allowing that fund to go untapped in recent years and maintaining a high level of liquidity, the state now enjoys the strongest possible bond rating—a tangible benefit to taxpayers.

Drawing out dollars for expenses that could (and should) otherwise be budgeted from General Revenues not only reduces liquidity and signals irresponsibility, but sets a dangerous precedent.

Similarly, in a time when revenues have increased more than 30 percent, lawmakers voting to exceed the state's spending limit put the Lone Star State on a collision course with future economic turbulence.

With the current administration in Washington doubling down on high taxes, increased debt, and downgraded credit ratings, it is more important than ever that Texas not downgrade itself.

Conservatives recognize that Texas has set a high standard and must continue to follow a higher path. Legislators should reject calls to raid the ESF, and stand firm against “busting the cap.”

Signatories:

60 Plus Association

ALEC

Americans for Prosperity—Texas

Americans for Tax Reform

Council for Citizens Against Government Waste

Grassroots America We the People

Institute for Policy Innovation

National Taxpayers Union

Texas Eagle Forum

Texans for Fiscal Responsibility

Texas Legislature’s TEA Party Caucus Advisory Committee

Texas Public Policy Action

Texas Public Policy Foundation

Young Conservatives of Texas