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Utah #1 in New Report Showing Path to Economic Recovery for States

by Zions Business Resource Center

Utah has been ranked number one again for economic competitiveness in a new report from the American Legislative Exchange Council (ALEC). The "Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index" places Utah first, followed by Colorado, Arizona, Virginia and South Dakota, to round out the top five.

The second edition of the index, which was just released, shows how the federal bailout of the states may simply encourage out-of-control spending by states—up 124 percent over the last 10 years—without requiring the states to make the tough decisions necessary to bring about financial stability. In the midst of the economic turmoil, federal bailouts and budget deficits in more than 40 states, the report offers a concise roadmap to recovery based upon economic performance trends from states over the last 10 years.

"As legislators, we know that we are in direct competition with other states for human and investment capital," says Utah State Senator Wayne Niederhauser, who chairs the Utah Revenue and Taxation Committee. "Rich States, Poor States has provided invaluable information to strengthen our efforts to reduce tax burdens in Utah and we are happy to again be ranked as the most competitive state in the nation."

TOP FIVE STATES BOTTOM FIVE STATES

- | | |
|-----------------|------------------|
| 1. Utah | 46. New Jersey |
| 2. Colorado | 47. Maine |
| 3. Arizona | 48. Rhode Island |
| 4. Virginia | 49. Vermont |
| 5. South Dakota | 50. New York |

The index also ranks Utah first for economic outlook and 22nd for economic performance. [Click here to view the state's individual analysis.](#)

New York earns the dubious distinction of having the worst economic outlook of any state, according to the report. "The New York governor just might have broken the record for the number of bad ideas he put forward during a recent 17-minute budget address—most notably his 137 proposed tax increases come to mind," the reports authors say.

"Too many states were too eager to add programs and increase spending during the good



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times, but we now face very difficult choices," says Indiana Senator Jim Buck, Chairman of ALEC's Tax and Fiscal Policy Task Force. "While we need to make tough choices to live within our means, we also need to remain focused on policies that foster economic development and job growth as the best solution to our budget woes."

Co-author and renowned economist Dr. Arthur B. Laffer summarized the report's findings by saying, "States cannot tax their way into prosperity." *Rich States, Poor States* presents rankings of the 50 states based upon the relationship between policies and performance, revealing which states are best positioned to make a recovery, and which are not.

Laffer and his co-authors, Stephen Moore, senior economics writer at *The Wall Street Journal*, and Jonathan Williams, director of the Tax and Fiscal Policy Task Force for ALEC, analyzed how economic competitiveness drives income, population and job growth in the states. They found that states with a high and rising tax burden are more likely to suffer through economic decline, while those with lower and falling tax burdens are more likely to enjoy robust economic growth.

"The top performing states keep taxes, spending, and regulatory burdens low, while the biggest losers in the book tend to share similar policies of high tax rates, unsustainable spending and regulation," says Williams.

According to the *Rich States, Poor States* report, "The decline of California is probably the best evidence that we can present as to the impact of poor state policy making on the economic pulse of a state." In chapter two, the report contrasts the fiscal policy structures of California and Texas to demonstrate how economic theory actually works in the real world.

"California continues to increase regulations, raise taxes and spend profligately," say the report's authors. "Texas, on the other hand, has a pro-growth economic environment with a competitive tax system, sound regulations and spending discipline that will help Texas maintain its superior performance well into the future."

To view the full report, download it here: http://www.alec.org/am/pdf/tax/09RSPS/26969_REPORT_full.pdf

The American Legislative Exchange Council is the nation's largest individual membership organization of state legislators dedicated to advancing the principles of free markets, limited government, federalism and individual liberty.

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