

## Despite criticism, Indiana's fiscal groundwork is laid

By Rep. Jeff Espich  
*For the Indiana Fiscal Policy Institute*

In what has become commonplace, Indiana just last week received yet another accolade from a respected authority on economic development. *Forbes* magazine ranked the state's largest city, Indianapolis, 11<sup>th</sup> on its list of the nation's next boom towns.

*Forbes* went on to say that Indianapolis has greater potential for rapid economic growth than any other Midwestern or Northern city. Hats off to city leaders for their efforts, but this and other recognitions should come as no surprise given the policies implemented by Gov. Mitch Daniels and legislative Republicans since 2005.

These policies are based on the simple belief that it is everyday Hoosiers—not government bureaucracies—who drive economic expansion. Most importantly, the policies have proven to work. Indiana has been universally praised by national experts and our actions are being emulated by leaders in other states who now realize that their tax-and-spend policies are leaving them behind.

But not everyone is thrilled that our brand of job-creating policies has been a success, especially those who push for bigger government, higher taxes and government bailouts as a solution to economic woes. A June 23 article in *The New York Times* entitled, “The Indiana Exception? Yes, but...” is a perfect example, and attempts to throw cold water on Indiana's hot streak.

The article charges Governor Daniels with being an overenthusiastic leader who overplays Indiana's successes while downplaying its shortcomings. Unfortunately, some high-profile Hoosier politicians—perhaps putting party and politics ahead of policy and people—are eager to pile on.

I will be the first to admit that Indiana is not without its share of problems. The unemployment rate, though lower than the national average, remains too high. Per capita personal income lags the rest of the U.S., a trend that must be reversed even if Indiana's cost of living index continues to be among the lowest of any state. Educational attainment must also improve, though recently enacted reforms are certain to help. Yes, Indiana is not perfect.

The *New York Times* article misses the point. If Gov. Daniels and legislative Republicans crowed about Indiana's successes without doing anything to address its failures, the criticisms would be merited. But that is not what is happening in Indiana. Gov. Daniels and legislative Republicans are keenly aware of Indiana's shortcomings and are taking bold action to bolster our economy.

Just this year, Indiana passed a budget structurally balanced in *both* fiscal years, dramatically improved our business environment by lowering the corporate income tax rate and passed sweeping education reforms that will brighten our children's future. Did I mention that all of this was accomplished without raising taxes?

While most states remain mired in a financial tailspin, Indiana's commitment to “live within its means” has us poised to improve our position as one of the premiere states in which to live and do business. Balanced budgets and fiscal discipline aren't headlines that sell newspapers, but they do create tangible benefits for Hoosiers. Indiana is now one of only nine states in the nation to enjoy a triple-A bond rating from all three major credit rating agencies, saving taxpayers millions of dollars. Indiana's economy directly benefits from our hard-fought fiscal discipline.

In 2010, Indiana's gross domestic product grew at a rate of 4.6 percent, the third-fastest growth in the nation and more than 50 percent faster than the national average.

National experts are taking notice. *Chief Executive* magazine, *Area Development* magazine, and *Site Selection* magazine have all recently ranked Indiana as the best state in the Midwest and one the top 10 states in which to do business. Recent analyses from both *Forbes* magazine and CNBC show that the cost of doing business in Indiana is the lowest in the Midwest and among the 10 lowest states in the nation. To top it off, the Tax Foundation ranks Indiana's tax climate best in the Midwest and 10th nationally.

Recognitions aside, imitation is really the sincerest form of flattery. The key feature of Ohio Gov. John Kasich's JobsOhio plan was to replace the Ohio Department of Development with a semi-private economic development entity designed to operate more like a business. Two weeks ago, the Iowa legislature approved a plan to replace Iowa's Department of Economic Development with a public-private partnership called the Iowa Partnership for Economic Progress. These ideas should sound familiar.

In 2005, Indiana Republicans eliminated Indiana's outmoded and ineffective Department of Commerce and replaced it with the highly successful Indiana Economic Development Corp. Since its establishment, the IEDC has worked with more than 1,125 businesses that have located or expanded operations in Indiana. In the last 18 months the IEDC has been responsible for 323 business relocations and expansions expected to bring more than 34,000 new jobs to the state. Other states have taken notice of Indiana's successes and are now trying to catch up.

In contrast to the facts, certain politicians will try to convince you that Indiana is in the worst shape since the Great Depression. They will complain that Indiana is not spending enough on this government program or that government program. They would like you to believe that spending more of your tax dollars on government programs—not creating a low tax, pro-business economic environment—is the solution to all problems. After all, they will argue, you should leave it to the government to create jobs.

But we already know that simply dumping money into government bureaucracies—à la the federal stimulus—won't create jobs. And we can't spend more money than we have without raising taxes (unless we take the federal government's lead and borrow from China). Of course, higher taxes are not an option. Higher taxes would halt our economic growth and undo all of the progress that has been made.

Bringing more jobs to Indiana is a challenging task that requires a multi-faceted approach of low taxes, fiscal discipline, sound regulatory policies, excellent educational opportunities and, yes, even a healthy dose of self-promotion. Our task is far from complete, but the ground work is being laid every day.

*Rep. Jeff Espich is a Republican from Uniondale.*