



November 17, 2008

State and Local Government Bailout Would Burden Taxpayers

Dear Member of Congress:

Over the past few weeks, you've been asked to lend your official support for a new spending plan that would provide bailout funds to states and localities. On behalf of the undersigned grassroots organizations, we urge caution in moving forward with such a plan. State and local government budgets should not be balanced on the backs of federal taxpayers. Doing so would set a horrible precedent, discourage responsible budgeting in the future, and place a greater strain on America's hard-working families and businesses.

Thus far, most of the bailout money approved by Congress has been targeted toward financial entities. Yet we're seeing more and more interests sinking into the "me too" mode. We're disappointed to see that this camp has grown to include many state and local governments, who are looking to supplement their spending habits via direct subsidies or bond backing from Congress.

On the whole, state outlays have grown at a fast – some would argue unsustainable – clip over the past decade. Indeed, spending is up 124 percent over where it was 10 years ago. During this same time frame, state debt increased by 95 percent. Clearly, some states and localities allowed themselves to be caught up in the borrow-and-spend mania.

Now that the economic picture doesn't look as rosy as it once did, some want to continue this upward spiral on the federal taxpayer's dime. We believe that if troubled state and local entities seek lasting relief and stability, they should restructure their activities the way millions of families have had to restructure their budgets.

In his October 29, 2008 testimony before the House Ways and Means Committee, South Carolina Governor Mark Sanford urged Congress to "accept that there may be better routes to recovery than a blanket bailout, including offering states like mine more in the way of flexibility and freedom from federal mandates instead of a bag of money with strings attached." As Dr. Richard Vedder from ALEC's Board of Scholars has said, "A federal bailout is the wrong solution to the wrong problem."

We concur that reducing expensive mandates – which have cost states \$131 billion over the past four years – would be one way the federal government could reduce pressure on state and local governments without spending more taxpayer dollars.

Sincerely,

National Taxpayers Union
American Legislative Exchange Council
Americans for Prosperity
Americans for Tax Reform
Americans for Limited Government
Council for Citizens Against Government Waste
FreedomWorks
Center for Individual Freedom
National Center for Public Policy Research
The National Tax Limitation Committee
Reason Foundation
Americans for the Preservation of Liberty
American Policy Center
Citizens Outreach Project
Citizens for Responsible Government
Citizens for Common Sense, Inc.
Center for Fiscal Accountability
The Institute for Liberty
Center for Freedom and Prosperity

Republican Liberty Caucus
Log Cabin Republicans
Arizona Tax Revolt
Arizona Free Enterprise Club
Arizona Americans for Prosperity – Arizona Federation of Taxpayers
Howard Jarvis Taxpayers Association (CA)
United Californians for Tax Reform
Active Citizens Together (CO)
Secure America’s Future Economy (DE)
Florida Taxpayers Union
Taxpayers Union of Louisiana
Citizens for Limited Taxation (MA)
Citizens Economic Research Foundation (MA)
Grassroot Institute of Hawaii
Illinois Policy Institute
Kentucky Taxpayers Union
Louisiana Conservative Action Network
Mackinac Center for Public Policy (MI)
Mississippi Center for Public Policy
Mississippi Forward
Missouri Liberty Coalition
Nebraska Taxpayers for Freedom
New Jersey Taxpayers’ Association
Rio Grande Foundation (NM)
John Locke Foundation (NC)
The Buckeye Institute (OH)
Oregon Taxpayers United
Commonwealth Foundation for Public Policy Alternatives (PA)
South Carolinians for Responsible Government
Tennessee Tax Revolt
Evergreen Freedom Foundation (WA)
West Virginians Against Government Waste
Central Solano Citizen/Taxpayer Group (CA)
Fairfax County Taxpayers Alliance (VA)
Bedford Taxpayers Association (NH)
Taxpayers for Accountable Government (VA)
Putnam Taxpayers Association (CT)
Arlington County Taxpayers Association (VA)
Alexandria Taxpayers United (VA)
Fairfield Taxpayer Associations (CT)
Citizens for Common Sense, Inc. (IN)
Dr. Don Racheter, Iowa Wednesday Group
Richard Falknor, Maryland Center-Right Coalition
DownsizeDC.org, Inc.

