

## Texas

From 2002 to 2008, Texas's spending increased the most in the police (82%), salaries and wages (72%), education (58%) and highways (57%) categories. The increase in police spending was the second-largest in the nation in terms of percentage, and the rise in education, highways, and salaries and wages each ranked among the top six states. The spending categories that saw the least growth were corrections (13%), hospitals (10%), and parks and recreation (4%). The state's overall general spending increase of 47% was among the biggest in the nation, ranking seventh-highest.

Texas's total overall revenue growth of 97% ranked fourth for the period, and its total tax revenue growth of 56% ranked ninth. On a per capita basis, total taxes remained among the lowest in the nation (48<sup>th</sup>) in 2008, but total revenue jumped from 49<sup>th</sup> in 2002 to 31<sup>st</sup> in 2008. General sales tax revenue increased 49%, ranking ninth. Texas did not have a personal income tax or a corporate income tax.

<b>Spending</b> (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Corrections	3,157,124	16	3,565,217	27	-11	13%	44
Education	25,763,230	40	40,672,485	33	-7	58%	5
Government Administration	1,363,113	50	1,563,297	50	0	15%	38
Health	1,818,755	48	2,248,068	47	+1	24%	32
Highways	5,026,554	47	7,915,817	35	+12	57%	6
Hospitals	3,238,451	20	3,570,780	25	-5	10%	34
Interest on Debt	904,260	48	1,189,733	49	-1	32%	30
Natural Resources	687,014	48	839,527	46	+2	22%	23
Parks and Recreation	125,784	47	130,316	50	-3	4%	32
Police Protection	395,399	49	720,014	43	+6	82%	2
Public Welfare	15,270,585	45	23,048,973	45	0	51%	20
Salaries and Wages	8,212,409	49	14,102,858	46	+3	72%	5
Direct Expenditures	44,851,986	47	64,487,306	49	-2	44%	13
General Expenditures	61,532,766	50	90,576,780	49	+1	47%	7
Total Expenditures	70,036,258	49	100,938,886	50	-1	44%	12

<b>Taxes</b> (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Personal Income Tax <sup>1</sup>	0	N/A	0	N/A	N/A	N/A	N/A
General Sales Tax <sup>2</sup>	14,559,504	19	21,668,972	15	+4	49%	9
Corporate Income Tax <sup>3</sup>	0	N/A	0	N/A	N/A	N/A	N/A
Total Taxes	28,662,395	49	44,675,953	48	+1	56%	9
Total Revenue	60,386,905	49	119,140,582	31	+18	97%	4

<sup>1</sup> Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

<sup>2</sup> General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

<sup>3</sup> Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.

*Comparison to Baseline Growth*

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and Texas’s population increased by 12%. This yields a “baseline” growth of 32% for the period. The figure below compares the difference in Texas’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

