

Testimony of Tennessee Gov. Bill Haslam
House Committee on Oversight and Government Reform Field Hearing
“Tennessee Job Creation: Do Federal Government Regulations Help or
Hinder Tennessee’s Economic Development?”
June 18, 2012

Chairman Issa, Congressmen DesJarlais, Black and Blackburn, I appreciate the opportunity to be here today to tell you about our efforts to attract and grow jobs in Tennessee.

Our administration’s goal is to make Tennessee the number one location in the Southeast for high-quality jobs. I don’t believe that government creates job, but I do believe that government has a role in creating a business-friendly environment that encourages investment.

To create jobs, people have to be willing to risk capital, and we want to do all we can so that Tennessee is an attractive place for people to invest. Capital is going to go where it is going to get the best return, and it is the investment of capital that creates jobs.

Over the past year and a half, we have been intentional about listening to companies – both existing companies already doing business in Tennessee and prospective businesses that we’re trying to attract to Tennessee - about what we’re doing well and what we need to work on.

You’ll be hearing later from our Commissioner of Economic and Community Development, Bill Hagerty. Bill and I traveled the state last year holding a series of business roundtables, and as a result of what we heard, his department conducted a review of federal, state and local rules and regulations that impact business.

There is certainly a necessary balance of holding businesses accountable and supporting their success, but too often government isn’t responsive, customer-focused, efficient or effective.

We took what we learned on the state level and made it part of a top-to-bottom review process that each state department went through last year to make sure we are focusing on providing customer service to taxpayers in an efficient and effective way. That’s what taxpayers expect, and that’s what they deserve. This includes employers that interact with state government.

Along with evaluating - and in many cases changing - how state departments are interacting with citizens and businesses, we've also made some changes in our laws to enhance our state's already attractive business climate.

Last year, we successfully pushed for tort reform to make Tennessee more competitive for new jobs, especially in comparison to surrounding states, by bringing predictability and certainty to businesses.

Another one of Tennessee's many attributes is that we are a low tax state. We don't have a personal state income tax, we have low debt, and we have a long history of responsible fiscal management.

I am proud that this year we've taken the first step in eliminating the estate tax. It will be completely phased out in four years. People choose where they want to live, and our estate tax was encouraging people to move their official residences to other states, chasing capital out of Tennessee. People would say, "It is cheaper for me to die in Florida than in Tennessee."

But repealing the estate tax also impacts small businesses and family farmers who want to keep their businesses in the family and don't have the option to move because their lives and livelihoods are here.

I visited the Luckey Family Farm in Humboldt recently to highlight the importance of this legislation, and Tim Luckey told me that ultimately to pay the tax, his family would have to sell some of their farm land - land that has been in the family since the early 1900's. Tim said, "It's like one of your kids - you can't give up one of your kids, and you don't want to give up any of your land that has been in your family for 100 years; that you've grown to love and don't want to lose."

Small family-owned businesses are crucial to our economy, and we want to support them and help this succeed.

Part of that effort is a continued focus on improving education in Tennessee because there is a direct correlation between education and jobs. A study earlier this year by economists at Harvard and Columbia actually puts a price tag on the impact of quality teachers.

It finds that replacing a poor teacher with an average teacher - not even an exceptional one - would increase students' lifetime earnings by more than one million, two hundred and fifty thousand dollars for an average classroom.

The report says that students with high-quality teachers are more likely to attend college, attend higher-ranked colleges, earn higher salaries and save more for retirement. They're also less likely to have children as teenagers.

It concludes that policies that raise the quality of teaching have substantial economic and social benefits in the long term.

Because we have implemented rigorous standards and have a plan for success, Tennessee was one of the first states in the nation to receive a waiver from the U.S. Department of Education from the No Child Left Behind law. That flexibility is important as we continue to build upon our state's momentum and national reputation as a leader in education reform.

In saying all of that, the purpose of this hearing is to explore the impact of federal regulation on job growth, and I'd say from my perspective that while no government – federal, state or local – creates jobs, government can certainly discourage investment.

And while I believe there is an appropriate balance between oversight and partnership, I think the model of flexibility that we've received from the federal government in education would be helpful in other areas when it comes to job creation and growth.

Again, I appreciate the opportunity to be here today and am grateful to Chairman Issa, Congressman DesJarlais and the committee for its interest in this topic.

Thank you.



BILL HASLAM
GOVERNOR
STATE OF TENNESSEE

Bill Haslam was elected the 49th Governor of Tennessee in 2010 with the largest margin of victory in any open governor's race in our state's history. His administration's three top priorities are:

- To make Tennessee the number one location in the Southeast for high quality jobs by fostering a business-friendly environment for recruitment and expansion;
- To continue our state's momentum in education reform by focusing on what's best for Tennessee children in the classroom;
- And to manage the state budget conservatively while making sure state government is providing services to Tennesseans in a customer-focused, efficient and effective way.

During his time in office, the governor is making significant progress in these areas with 28,000 new jobs created and more than \$4 billion in capital investment in Tennessee in 2011. He has successfully worked with the General Assembly:

- To reform teacher tenure to reward Tennessee's best teachers;
- To make the state's legal system more predictable for employers;
- And to reform state government's outdated employment system to recruit, retain and reward the best and brightest state employees.

Born and raised in Knoxville, he served as the city's mayor for eight years after managing his family's business. He and his wife of 30 years, Crissy, have three grown children, a daughter-in-law, a son-in-law and a grandson.