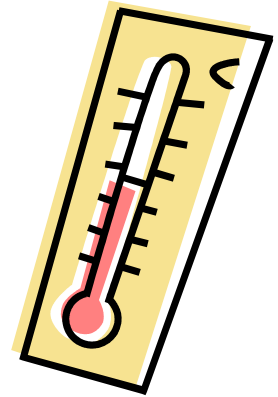


# DELAWARE'S ECONOMIC HEALTH

Taking the temperature of Delaware's economic competitiveness



When it comes to economic health, how is Delaware fairing? How does the First State fair compare to surrounding states?

The American Legislative Exchange Council (ALEC) released the 2<sup>nd</sup> Edition of its State Competitive Index report entitled, *Rich States, Poor States*. The report provides a comprehensive analysis of fiscal and economic policies for each of the 50 states. Further, the report discusses the impacts of such policies.

As former Governor Pete du Pont recently noted, “What do Delaware and California have in common? Not much: One is very small, one is very large but more importantly, they have over time followed very different economic policies that explain the direction of the Obama administration’s economic thinking” (*News Journal*, April 5, 2009, A21).

### Rankings of Northeast States by Economic Indicators

(*Rich States, Poor States*, U.S. Census Bureau)

	DE	MD	PA	NJ	NY
State Spending per Capita	\$7,639	\$5,158	\$5,218	\$6,197	\$7,399
Top Income Tax Rates (Personal)	5.95%	6.25%	3.07%	8.97%	6.85%
Top Income Tax Rates (Corporate)	8.7%	8.25%	9.99%	9.00%	7.10%
Economic Outlook	31 <sup>st</sup> out of 50 states	28 <sup>th</sup>	42 <sup>nd</sup>	46 <sup>th</sup>	50 <sup>th</sup>
Property Tax Burden	3 <sup>rd</sup> Lowest	11 <sup>th</sup> Lowest	29 <sup>th</sup> Lowest	47 <sup>th</sup> Lowest	44 <sup>th</sup> Lowest
Recently Legislated Tax Changes (2007 & 2008; per \$1,000 of personal income; 1 = lowest amount of new taxes)	\$1.24, 45 <sup>th</sup>	\$4.29, 49 <sup>th</sup>	-\$0.82, 19 <sup>th</sup>	-\$0.21, 24 <sup>th</sup>	\$0.23, 32 <sup>nd</sup>
Personal Income Growth per Capita	34 <sup>th</sup> out of 50 states	9 <sup>th</sup>	39 <sup>th</sup>	24 <sup>th</sup>	18 <sup>th</sup>

Governor du Pont proceeds to note that Delaware’s economic policies used to be much like California’s are today: high taxes, high unemployment and high spending. Fortunately, during the late 1970’s du Pont and the members of the legislature enacted remarkable reforms that helped Delaware thrive for nearly three decades.

While these reforms remain remarkable, there are many disturbing trends in the fiscal and economic policies of Delaware state government. *Rich States, Poor States* gives a great snapshot of our current conditions and helps to determine a path forward.

Earlier this month, the Caesar Rodney Institute released its Economic Reform Agenda that includes some ideas for how we can implement systematic reform that will enable Delaware’s economy to get back on track.

