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A Strong Economy Fosters Healthy Communities and Prosperous Families

*2012 State of the State Address
Utah Governor Gary R. Herbert
January 25, 2012*

Lt. Governor and Mrs. Bell; President Waddoups; Speaker Lockhart; members of the Utah Legislature; members of my Cabinet; Justices of the Utah Supreme Court; Utah's First Lady, my beautiful wife, Jeanette; and my fellow Utahns:

It is an honor and a privilege to address you this evening. As we assemble in this beautiful and historic chamber, let us take time to acknowledge those who protect our freedoms and keep our homeland safe.

This past August, I traveled to Iraq and Afghanistan to meet with some of our deployed Utah servicemen and women. It was a humbling experience. Our liberty – the free exercise of our God-given rights – is preserved by the men and women of our Armed Forces who willingly put themselves in harm's way for God, family and country. This past year, in the span of just over a month, we lost six Utah soldiers, sailors and marines in Afghanistan. These brave servicemen made the ultimate sacrifice in defense of this nation and the ideals which make it great. We also acknowledge the loss of Agent Jared Francom, tragically killed in the Ogden shooting incident just a few short weeks ago.

Tonight, we have as honored guests in the gallery, family members of those we have lost at home and abroad. As they stand, please join with me to acknowledge them, and thank them for their loved one's service and sacrifice.

As Governor of the great State of Utah, I am pleased to report that the state of our State is strong – and growing stronger. I want you to know I am very optimistic about Utah's future. While our national economy continues to struggle, the economy in Utah surges ahead. Our unemployment rate continues to steadily fall. We currently have the second-fastest rate of job creation in the nation. Every sector in our economy is growing again, except one. And I'm proud to say the sector that is not growing is state government.

Utah's success is not only consistently recognized, it is increasingly praised by those outside our borders. Now, some people have said I talk about our rankings a little too much – and it may be a fair observation. But I hope you are as proud of Utah as I am. We have a great state, we have a great message and we are making great progress. I believe Utah's Governor should be the State's chief advocate and champion, and I am simply not going to stop touting Utah's accomplishments.

I should point out that our accolades have less to do with "me" and everything to do with "we." Indeed, they reflect the efforts of individuals here in this room and many others across the state. Some of our recent recognitions include being named the state with the best economic outlook and the most dynamic economy. And, for the second consecutive year, Utah has been named the best state for business by Forbes Magazine. These rankings speak to Utah's economic strength. But this is not just about rankings; it is about economic recovery for the people of Utah. My focus is on growing the economy because I know a strong economy fosters healthy communities and prosperous families.

While recognition is nice, the underlying reasons for that recognition are what are most important. Forbes wrote: "No state can match the consistent performance of Utah. It is the only state that ranks among the top 15 states in each of the

six main categories [on which] we rate the states.” Those six categories are economic climate, growth prospects, labor supply, business costs, regulatory environment and quality of life. Tonight, I will use the criteria of those economic experts to highlight Utah’s progress and our prospects.

Let’s start with our current economic climate. In 2011, we added more than 36,000 jobs to our economy. Our unemployment rate has dropped from 7.5% to 6.0% today – a full 2.5% lower than the national average. Gross domestic product, personal income and business income continue to steadily rise. Utah still leads the nation in export growth. You might remember in last year’s State of the State, I challenged our business community to further increase our export growth – and they have responded with vigor. In 2011, we saw a 41% increase in exports, breaking records we set in 2009 and 2010.

Utah’s economic climate is healthy, but we must not relent in our efforts to improve. I recognize there are many people who are still hurting financially. I have met with many of you throughout the state. I want you to know, I am committed to working for all of you. There are, in fact, approximately 80,000 Utahns who are looking for work, and I will not rest – and I know that you in the Legislature will not rest – until every Utahn who wants a job can find a job.

My goal is to accelerate private sector job creation of 100,000 jobs in 1,000 days (www.utahjobsplan.com). I emphasize private sector, because it is the private sector – not government – that creates wealth, creates jobs and creates opportunities for Utah’s citizens. Government must create an environment where free enterprise can succeed and then get out of the way.

Let me give just one of many examples where business is thriving in Utah’s fertile field. Started 25 years ago in a garage, Lifetime Products now employs more than 1,300 people in Utah and was recently courted by many other domestic and international locations for a planned expansion. Ultimately, Lifetime determined that its home state of Utah was the best place to invest. This story is repeating itself hundreds of times across our state.

Utah’s steady job growth reaches far beyond the Wasatch Front. Last year, I visited 28 of Utah’s 29 counties – and don’t worry, Daggett County, I am headed your way soon! In my travels, I have been amazed at the creativity and ingenuity of our rural employers. For example, in the tiny town of Grouse Creek, I met Heather Warr, who is here with her family tonight. To supplement her family’s ranching income, Heather started an e-commerce business, selling western apparel and footwear online. Her company, standupranchers.com, now employs seven people – making Heather a major employer in a community of 100 residents. From fiber optic communications providers, to hay exporters, to composite manufacturers, to online retailers – people are finding unique opportunities and advantages in rural Utah. And Heather Warr exemplifies the innovation and initiative inherent in Utah’s people.

The second criterion is growth prospects. Utah is a fertile field in which to grow a new company, or to relocate or expand an existing company. This past September, I went to New York to meet with executives from L-3 Communications – a \$16 billion high-technology company with locations in 30 states and 20 countries. The purpose of my visit was to convince them to expand their Utah operations. And, I’ve got to admit, it wasn’t much of a “hard sell.” L-3 told me they love doing business in Utah. In fact, their Salt Lake City unit is one of their most successful and fastest-growing divisions. Not by coincidence, last month, L-3 announced it would be concentrating its growth here in Utah, building new office space and hiring hundreds of new employees. In the past year, expansions and new jobs have been announced not only by L-3, but by other international companies like eBay, Boeing, Morgan Stanley, IM Flash, and Pepperidge Farms, just to name a few.

I’m delighted to say something that not many Governors can say: Our state is growing now, and as we look to the horizon, Utah’s growth prospects are truly bright. Anyone who understands the free market knows that there are few things that hinder growth more than onerous taxation. As I did last year, and the year before that, in order to sustain our successful economic recovery, I say to you today and to the people of Utah – no new taxes!

And, in fact, I want to go one step further. Due to our wise trust fund management – and our nation-leading record of helping people move from unemployment back into the workforce – Utah is in a position to reduce our unemployment insurance tax rates. I call upon you, the Legislature, to support Senate Bill 129, sponsored by Senator Curt Bramble and Representative Jeremy Peterson, to provide this timely tax cut to all of Utah’s 85,000 employers, and allow them to create more jobs and hire more people.

The third criterion is labor supply, or, more aptly put, a skilled and educated workforce. I have said before – Utah is the best state for business because we have the best people for business. Utah has natural advantages with our young, fast-growing, tech-savvy, highly-educated, bilingual and industrious workforce. Utah is also a proud right-to-work state, and we are going to keep it that way. In today’s global marketplace, educating and graduating job-ready students is an economic imperative.

With the help of Representative Mel Brown and Senator Lyle Hillyard, we have expanded early intervention programs for our at-risk students, programs empirically proven to help reach our critical goal of reading proficiency by the end of the third grade. We will soon introduce additional online college courses, providing another avenue for high school students to earn college credit before graduation. We are also expanding utahfutures.org, which provides students with online career counseling to ensure the education they receive today will get them a job tomorrow. My message to students is simple: “If you want a good job, get a good education.” Now, it is up to us – assembled here – to make sure they can!

My top legislative priority is to fund the growth and continued innovation in our education system. My budget calls for maintaining base funding and for \$111 million in NEW money for our public schools, including a modest, but well-deserved, pay increase for our teachers. Post-secondary education is also increasingly becoming a necessity in today’s global marketplace, so I have set a goal that 66% of Utah adults will have a degree or professional certification by the year 2020. This is an ambitious goal, but an essential one – remember 66 by 2020! And working together, we will reach it!

The fourth criterion the economic experts considered is the cost of doing business, particularly the cost of energy. Because Utah’s electricity costs are an impressive 31 percent below the national average, we have a major competitive advantage over other states. In order to protect that advantage for the future, we must secure Utah’s supply of stable, low-cost energy, and we must do it now.

With Utah’s first 10-Year Strategic Energy Plan that I put in place last year, we are creating the framework to secure our energy independence. My administration is aggressively promoting responsible energy development in Utah. We have demonstrated, in the Uintah Basin and elsewhere, that developing our energy resources and being good stewards of the environment are not mutually exclusive propositions. One of the major challenges for energy development is that many of Utah’s natural resources must be extracted from federally-managed public lands. While we have made progress in persuading the federal government to site and permit oil and gas wells, there remain great challenges ahead. We cannot – and we will not – let the federal government halt responsible energy development in Utah.

And because we owe it to our children and their children, we must also innovate safer and cleaner ways to extract natural resources and utilize energy. As Governor, I am calling on the private sector and our major universities to lead out! Our goal is to create an “energy research triangle” that launches Utah into a new era of energy technology innovation! I firmly believe that all solutions and all opportunities must be based upon principles of free markets and free enterprise.

Therefore, we will partner with industry and caring citizens to tackle one of the greatest challenges we have with energy development in our state – the issue of air quality. We cannot control the weather, but neither can we ignore the human and economic consequences of poor air quality. I am taking the lead on this issue by building partnerships with Utah industries and households to set achievable and vital air quality goals. I will be announcing the details of my plan in the coming weeks. I can promise you this: The solutions to our unique Utah challenges with air quality will come from Utah. Together, we can all do something to improve Utah’s air.

The fifth category is state regulatory environment. Before they invest precious capital, entrepreneurs want a stable and predictable environment, and a responsible government. Utah boasts a long history of fiscally prudent governance. In contrast to the federal government, Utah has made the tough decisions to keep our fiscal house in order. We balance our budget and we save taxpayers millions every year by protecting our AAA credit rating. In addition, my budget proposal eliminates our remaining structural imbalance and calls for no additional borrowing. Those decisions provide the stable and steady environment the marketplace seeks and needs in order to thrive.

In my travels around the state, one of the most common concerns business owners share with me is the cost, complexity and uncertainty created by excessive government regulation. In last year’s State of the State address, you will remember I ordered a review of all of Utah’s business rules and regulations. It resulted in 368 proposed rule changes to improve Utah’s already laudable regulatory environment – and we will work with you, the Legislature, to modify or repeal those rules that no longer serve a compelling public interest.

Now, frankly, the vast majority of regulations causing the most harm to Utah business come from Washington, D.C. – part of the regulatory colossus created by an overreaching, out-of-control, and out-of-touch federal government. I am firmly resolved to work with our Congressional delegation and my fellow Governors to tell the Washington bureaucrats to get out of the way of Utah’s economic recovery, and stop the senseless flow of onerous and misguided regulation from our nation’s capitol.

The last category by which Forbes judged Utah the best state for business is our quality of life. We are truly blessed to live in the Beehive State. Not only are we surrounded by unsurpassed natural beauty, we also enjoy the beauty of strong communities, strong families, and a culture of caring and service. Two months ago, a devastating wind storm tore through Davis and Weber counties leaving tons of debris and millions of dollars of damage in its wake. With a second storm threatening, local leaders were concerned debris could become airborne and cause even further damage. Tens of thousands of citizens sprang into action and fanned out across neighborhoods to assist in clean-up efforts. Volunteer crews accomplished in days what would have taken city and county crews months to do. It was a stunning and moving example of the spirit of volunteerism and love of neighbor which permeates Utah, and which contributes so greatly to Utah's outstanding quality of life.

It is also an impressive example of another Utah trait – our self-sufficiency. In Utah, we do not expect others to solve our problems. As a sovereign state, we not only have an obligation to find Utah solutions to Utah problems, we have a right to do so. We will not capitulate to a federal government that refuses to be constrained by its proper and Constitutionally-limited role.

Whether fighting the federal government on ownership and control of our RS 2477 roads, restoring our mule deer population, defending multiple use of our public lands, ending the budget-busting drain of Medicaid, or challenging the constitutionality of mandatory nationalized healthcare in the Supreme Court, be assured that this Governor is firmly resolved to fortify our state as a bulwark against federal overreach.

Last October, in a one-room schoolhouse in Grouse Creek, Utah, I met a young boy named Heston. He told me that he had been taking piano lessons for one year and two months, and that he was going to play something for me after we had lunch.

I asked Heston if he was named after Charlton Heston, the actor.

One of his classmates helpfully piped up and said, "No, he was named after the tractor."

After lunch, Heston made his way to the piano. Frankly, I was expecting a simple diddy like "Chopsticks." Instead, I got Beethoven—dynamic and intricate music emanating from an old upright piano in a town two hours from the nearest stop light.

After young Heston finished his piece, I asked one of his classmates, "Are you sure he's only been playing for one year and two months?"

She assured me that was the case, adding, "He's what they call a prodigy."

And, by the way, this young prodigy will be playing for us in the Rotunda after my address.

Utah is a state full of gems like Heston. Gems that, when polished and made to sparkle through hard work and the desire to succeed, add brilliance to our landscape. In every corner of our state, Utah's source of richness and strength is its people. I am optimistic about Utah's future because I believe in Utah's people. Utah's best days still lie ahead because Utahns are willing to work hard to be the architects of our own destiny. Utah is leading the way and setting the example for the rest of the nation to follow. In the darkest days of the economic crisis, Utah stood true to the founding principles of our great nation, and we now see the fruits of our determination.

I have spoken tonight of some of my goals and plans for the state. Having these goals and plans is important, but frankly writing things down on paper is the easy part. Making it work – the implementation and the execution – is what counts. Hard work demands dedication, determination, and discipline. Everything I do as Governor is examined through the lens of whether it helps grow the economy and create opportunity for Utah's citizens.

That continues to be my commitment to you. I will keep my eye on the ball, and I will fight for sound and correct principles of fiscal prudence, limited government, and individual liberty, coupled with personal responsibility. Whether preparing a household budget or a state budget, whether you are the Governor or a small business owner – and I have been both – the principles are the same. By adhering to sound principles now, we will build a bright future for tomorrow. Not only will Utah be the best state for business, we will continue to be a place where communities and families will thrive and prosper.

The State of our State is strong. I am committed to making it stronger. I am honored to serve as your Governor.

May God continue to bless you, our great nation, and the Great State of Utah.