

Episode 215: "To Shrink Government, Cut Taxes: How the States are Doing It" with Grover Norquist

Speaker 1 ([00:04](#)):

Welcome to The Bill Walton Show featuring conversations with leaders, entrepreneurs, artists and thinkers. Fresh perspectives on money, culture, politics and human flourishing. Interesting people, interesting things.

Bill Walton ([00:24](#)):

We are rolling. We are good. So you look good. Do you like yourself better with your beard or without your beard?

Grove Norquist ([00:32](#)):

Well, I shifted just within the last year or so. I liked the beard fine and then one day I took it off. I actually like shaving as odd as that probably sounds because it's easier shaving with the beard.

Bill Walton ([00:50](#)):

Okay. Well, you look good.

Grove Norquist ([00:51](#)):

Well, thanks.

Bill Walton ([00:55](#)):

I guess we want to focus more narrowly on what the states are doing with their income taxes, but I think we'll... Me being me, I'm likely to stray from that because I'm interested in all your thoughts on wealth taxes and global tax treaties and various ways, other ways states can get revenue besides income taxes. If you don't mind, we're going to go a little wide ranging.

Grove Norquist ([01:27](#)):

Okay. We can do that.

Bill Walton ([01:28](#)):

Many people who listen to my show like the wide ranging. They like it as a primer than what the issue is. And so we'll do specific, but we'll also do the bigger picture stuff as well. So why don't we get started? Before we do anything, anything particularly you want me to cover?

Grove Norquist ([01:50](#)):

It might pay to say something about the fair tax because [inaudible 00:01:55]

Bill Walton ([01:55](#)):

I got it on my list.

Grove Norquist ([01:56](#)):

Yeah. It's going to be increasingly in the newspapers. I don't know if you saw the piece I did in the Atlantic Monthly that just hit yesterday, but that walks through why it's such a death trap politically-

Bill Walton ([02:09](#)):

Oh, I so agree.

Grove Norquist ([02:11](#)):

... to even discuss. Let me shut the door here.

Bill Walton ([02:13](#)):

Okay.

Grove Norquist ([02:15](#)):

[inaudible 00:02:15] on camera, on air. I have one of the cool on air red light.

Bill Walton ([02:23](#)):

Yeah. You need a red light out there.

Grove Norquist ([02:26](#)):

I do. I do have one.

Bill Walton ([02:27](#)):

Oh, you do have one?

Grove Norquist ([02:28](#)):

Yeah.

Bill Walton ([02:28](#)):

That's great.

Grove Norquist ([02:30](#)):

I turned it on too.

Bill Walton ([02:32](#)):

Okay. Why don't we get going. How much time do you have?

Grove Norquist ([02:39](#)):

Hour.

Bill Walton ([02:40](#)):

Okay. I don't know if we'll take a full hour, but we'll go certainly towards that because there's a lot to cover. Let me get started here. Welcome to The Bill Walton Show. I'm Bill Walton. The government's power to control one's life derives from its power, the state's coercive power to tax. If we want to arrest the growth of government, the place to start is with a tax burden it places on its citizens.

[\(03:13\)](#):

One of our real champions in the fight to rollback government is Grover Norquist, the founder of the Americans for Tax Reform. And in my view, in the view of many other people, no one in modern times has fought harder to shrink the state by keeping the issue of high taxes and IRS abuses in the public eye than Grover. As he puts it, Americans for tax reform opposes all tax increases as a matter of principle.

[\(03:40\)](#):

Grover founded ATR in 1985 at President Reagan's request and he's been doing a lot of good ever since. It works to limit the size and cost of government opposes higher tax rates at the federal, state and local levels and supports tax return that moves towards taxing consumed income one time at one rate. Grover is also organized the Taxpayer Protection Pledge, which asked all candidates for federal and state office to commit themselves in writing to the American people to oppose all net tax increases.

[\(04:17\)](#):

Grover has got a pretty good education. He went to Harvard. Undergrad in Harvard Business School and he's been doing a lot of good with his Harvard MBA ever since. So Grover, welcome. I'm glad you're here. You and I have known each other for years and I'm glad we're finally getting to this.

Grove Norquist [\(04:17\)](#):

Well, good to be with you.

Bill Walton [\(04:35\)](#):

Well, let's start with what's... You and I talked a bit shortly about there's some good things happening right now in the states where there's a movement among states to either get rid of their income tax altogether or move to a flat tax, and that's a movement that's building steam and I think it's something you've helped initiate. So what's the state of play there now?

Grove Norquist [\(05:04\)](#):

Sure. Right now there are eight states that have no personal income tax at the state level. Texas, Tennessee, Florida, and a bunch of others. But those are the big ones. There are 11 states that have a flat rate, single rate tax in the United States. In the last two years, five states have voted to go to a single rate tax. Two of them, Arizona and Idaho already got there. And the other three, Mississippi, Georgia, and Iowa all have a two or three year path to get down to a single rate tax. What they're doing is income comes in, they drop the income tax rates both. So they'll pick the rate.

[\(05:54\)](#):

It's 3.9% in Iowa. The rates above 3.9 disappear and the rates below 3.9 disappear. So you've got a situation where nobody sees their taxes go up, and what you do have is a single rate tax. Now it'll probably take them four years to get down. They started at 8.6%. They're going to 3.9. They had a very progressive income tax in Iowa and it's a huge victory for taxpayers that... One of the highest tax states. Their corporate rate was about 12% is bringing both the corporate and the individual rates down.

[\(06:33\)](#):

In the state of New Hampshire which people think of as a no income tax state, but it isn't, it taxes dividends and interest. But for at 5%, same as Massachusetts next door. It's not any better in Massachusetts when it comes to taxing or savings and investment. They don't tax wages, but savings and investment, yes. So Governor Sununu signed a bill that the legislature passed a year ago and over a five-year period that goes down 5, 4, 3, 2, 1, 0.

[\(07:02\)](#):

So it will be a no income tax state. It doesn't require any triggers. It's just going flat straight to zero. So what we found is single rate taxes, and there are two kinds. There's eight states have a zero single rate and then other states have 3, 4, 5 as a single rate tax. Single rate taxes are lower than graduated income taxes. Single rate taxes protect every citizen because when the politicians want to raise their taxes, they have to look at everybody in the state and say, "I'm going to raise all your taxes for this project." In which point-

Bill Walton ([07:43](#)):

It keeps them from cherry-picking the high income people and they get everybody engaged in the political fight.

Grove Norquist ([07:49](#)):

Yes. How did Biden and Clinton and Obama all run? I'm only going to tax the top 2%. Only going to tax the top 2%. Now, they lied and went after energy taxes for everybody but to get into office only going to tax the 2%. That's the Richard Speck theory of tax increases. And if you can't take on everybody in the room at once, you take them out of the room one at the time. That's been very successful for the left. So the more states have a single right tax, the left can raise taxes and single right taxes are easy to reduce because when you cut them, everybody is going to benefit the same amount.

Bill Walton ([08:26](#)):

Everybody gets happy.

Grove Norquist ([08:28](#)):

You can understand...

Bill Walton ([08:28](#)):

Hey, one thing that surprised me when I was doing a bit of research for this is that the left coast... I mean you would expect these numbers. Oregon has an 8.9% income tax and California of course tops at 13.3. But I was surprised to see that Washington state doesn't seem to have an income tax. What's happening there?

Grove Norquist ([08:52](#)):

Constitutional amendment forbidding it. But keep in mind that the left there keeps passing legislation to tax capital gains which of course is income. And the court has slapped them down several times. There is a hope on the left that another round of... Let's pretend... They want to call it excise tax on capital gains to see if they could fool the court. This court might agree with them. It's not impossible. Don't move to Washington until we see what the court does. They may decide to tax capital gains. In which case, I'm wondering whether Amazon and Bill Gates' team will want to stay in that state.

Bill Walton ([09:37](#)):

Well, certainly with the drop in the stock price, I suppose it's not as bad as it would've been, but it's going to be pretty bad. So the-

Grove Norquist ([09:45](#)):

And they hope it comes up too.

Bill Walton ([09:50](#)):

So just do a big picture here. How many states still have an income tax?

Grove Norquist ([09:57](#)):

Well, eight states don't. So 42 have an income tax.

Bill Walton ([10:00](#)):

Okay. So I assume that most of the blue states have... Although South Carolina seems to be an outlier here, most of the blue states have higher taxes and red states have lower.

Grove Norquist ([10:12](#)):

Yes. In general, red states have lower taxes, blue states have higher taxes, and some of those blue states became red very recently, Arkansas, West Virginia, others, South Carolina. It was technically Republican for a while. But the kind of Republicans who say, "I go to church from time to time. I have three guns. I'm a Republican." And they forget the bit about not stealing people's money and giving it to your friends. But more of the states over time are becoming real Reagan Republican states as opposed to painted red blue states.

([10:46](#)):

So I think we're doing very well. 10 states are in the process of moving to zero. They've self-described, "We are going to zero." The governor, the state legislature, some have started it. Kentucky has passed a lot 10-year phase down to zero. Louisiana, a 15-year phase down. They're triggers. And the way people do this now modeled after North Carolina, the most successful state and the state that's been doing it the longest is they say, "This is what we're going to spend."

([11:12](#)):

When revenue pops up above that, we permanently cut the income tax. Not some other tax. Don't give the money to the teacher's union, cut the tax. So you just keep taking the income tax down and you pay for lower and lower and no income tax by reigning and spending. That's how you do it. You don't just pick it up and throw it on top of the sales tax. That cost Mr. Martinez' job in Florida and it costs Bobby Jindal, the chance to ever be president because the reaction against they're going to zero, which was just take the present income tax, throw it on top of the sales tax and go, "See, I made the income tax disappear." And everyone goes, "We hate you. Look what you did to us on the sales tax." So shifting Tax is not a good idea. Trading them for lower spending, yes.

Bill Walton ([11:57](#)):

Well, I was struck by the fact that if you look at the individual income taxes across the states, general revenue, the only average 18% of the total revenue to the states. The big number state revenues are they what they call generously the intergovernmental transfers, which I guess is the Medicaid and et cetera payments from the federal government. I mean, that's a big number. That's a third of the state spending. How does that factor into this?

Grove Norquist ([12:30](#)):

Well, it doesn't affect it because that funds certain programs and that's it. Although, when the government was just throwing money at states, a lot of the states took that money and used it to help speed up phasing down the income tax. You certainly saw it in West Virginia. They're looking to do that. And they did it in Arizona. A lot of states, it made it easier to begin the process of phasing down the

income tax knowing that they had this extra money, at least temporarily had the extra money to move it forward. But that got them going.

[\(13:03\)](#):

So North Dakota is looking to go to zero. The governor is taking the lead on that. The house is supportive. The Senate will be there. They'll be at no income tax fairly soon, but they're going to go to a one and a half percent single rate and then down. Arizona went to two and a half and then they go to zero. You saw Arkansas just announced they're planning to go to zero with both legislative and the new governor ran on this issue.

[\(13:28\)](#):

And North Carolina has been doing this for 12 years. They'll be at complete zero, no corporate, no individual income tax within the next eight years just depending on how growth goes there. South Carolina has announced they're going, but they've just started taking baby steps.

Bill Walton [\(13:43\)](#):

Well, it seems like a political no-brainer. I mean, who's against going to a zero income tax except maybe some progressive billionaires who feel guilty about their wealth. What is there? It seems like a winner even if you're a Democrat politician.

Grove Norquist [\(14:01\)](#):

Well, interestingly, the Democrat who ran for governor in South Carolina lost, but he endorsed the idea of facing down to zero because of the Republican hat. So it's not impossible. Polis of Colorado is a big tax spender, but on the income tax, he said it should be zero. And the initiative process has been put up twice to cut the 5% rate down to think about four and a half percent now. So they're taking bites at it. It's a single rate tax, so it's easy to cut in Colorado. So there we're seeing in a blue state people voting again and again every two years to take the rate down just a bit.

Bill Walton [\(14:39\)](#):

Well, it seems like the wind is at their back or has been at their back for the last couple years. I mean, the federal government had ran like a \$3 trillion deficit in 2020 because of the lockdowns and the pandemic checks that they were sending to people, and then they ran almost a \$2.8 trillion deficit in 2021. Didn't a lot of that money go to the states? And so they had a lot of extra cash to say that you don't need the income tax? Was that helpful? And now that that's-

Grove Norquist [\(15:17\)](#):

Yeah.

Bill Walton [\(15:17\)](#):

Go ahead.

Grove Norquist [\(15:19\)](#):

Somewhat. But when they're cutting the income tax rates, they're doing it with ongoing revenue. They're not going, "We have a billion dollars. Let's cut the income tax in half because we can spend the billion dollars." Because what happens next year? They're being very, very cautious. They're doing it over a series of years. Nobody wants to get ahead of their ski tips. We've learned a lot. The Americans for tax reform group I run, we've done conference calls between the various governors and legislative

leaders say, "What are you looking to do? What's everybody else looking to do?" We've created a community where each of the governors understands fully well that most other Republican governors are phasing down to zero or significantly cutting tax.

[\(16:01\)](#):

Idaho hasn't said we're going to zero. I don't know what's wrong with them, but they keep cutting taxes. They've had a series of substantial tax cuts and we're going to zero is not on their list of things to do. Even in Montana, which has no sales tax. They've been taking their rate down with a stated goal of going from seven and a half to five. So they're taking it down without waiting for... They're not going to go to zero because the income tax is the thing that they use. But they're taking it down... When people say, "Well, how do you pay for not having an income tax?"

[\(16:33\)](#):

How does Florida pay for it? Florida 22 million people. New York, 20 million. Florida spends a hundred billion on state government. It's a lot, a hundred billion. New York, twice as much, 200 billion. So the roads aren't any better up in New York. Public safety and cops aren't any better. Schools aren't any better. They hire more government employees, pay them more and have ridiculous pensions. That's what you get for twice the cost of state government. You don't need an income tax. I mean, New York wouldn't need an income tax if they spend half as much. So the key is spending restraint, but having a single rate tax makes it tougher for them to raise taxes.

Bill Walton [\(17:15\)](#):

So how much can ATR take credit for this? Seems to me, you've been talking about this for 25 years, 30 years.

Grove Norquist [\(17:26\)](#):

Well, we've been helpful in speeding it up. I talk to each of the governors and state legislative leaders and we run a meeting in Washington DC, a Wednesday meeting with, last week, a hundred people in the meeting and 30 from other states and overseas coming in by Zoom equivalent. So we talk about what's going on. And then 45 states have similar meetings. Some states like Florida has four. New York has two, Texas has two. California is going to get a whole string of them, just one right now. And that allows all the parts of the center right movement to talk to each other. But then we take the leaders of those groups and they talk to each other.

[\(18:07\)](#):

So when we were working with the state leader, state senate leader in Kentucky and about what he was looking to do, I said, "You might talk... Here's some people that are doing different things." And I gave him the name of the Senate leader in North Carolina and the House leader in Mississippi. Those were his best friends. So he called him on the phone, said, "How have you guys been doing this?" Because they've been doing it for a while. And then next thing I knew, he passed legislation.

[\(18:36\)](#):

So when speakers and state legislative leaders, and governors talk to each other, and learn from each other, that's very helpful. And with the meetings, we try and do that with the outside groups and the legislators, but then we bring the states together, it's helpful.

Bill Walton [\(18:50\)](#):

Well, your meetings, your Wednesday meetings are incredibly effective at pulling people together. But I think the thing you've innovated is those are happening at the state level, which is where all this action is. And my guess is most people got the arguments and the statistic to make their case from these meetings. So you're doing a lot of good.

Grove Norquist ([19:09](#)):

Thank you.

Bill Walton ([19:12](#)):

Where does sales taxes come into this? I want to talk in a little bit about the so-called fair tax, which some congressmen, Republican congressmen are trying to get at the federal level. That's a detailed conversation. But let's just talk about the state sales taxes. Right now, they average about 23% of the total revenue that states generate. When states are talking about getting rid of the income tax, are they also... By being the politicians they are. They're saying, "Well, we got to raise the sales tax to pay for the lack of an income tax."

Grove Norquist ([19:50](#)):

Well, most states try and do that first and they walk into a bridge abutment and discovered that that's a very unpopular thing to do. They tried that first in North Carolina. North Carolina, which is doing everything right now, did try everything wrong first, just to be fair. And understandably because nobody else had done this ever except Alaska, which had oil in terms of no income tax. So their first thought was move it over to sales taxes.

([20:21](#)):

Sales taxes on services are particularly unpleasant. Why? Because if you do people's nails for a living or cut hair, your sales are your income. It's the same thing. So a sales tax is an income tax. It doesn't do you any good. And to have both is death. So they really, really dislike that. Becomes very unpopular. Now, sales tax has advantages. It's generally a single rate tax and you want to keep it low.

([20:57](#)):

But the important thing, if you want to keep taxes low and government limited, you want all taxes as much as possible single rate not graduated. The income tax needs to be flat. Sales tax flat as opposed to some VATs in Europe where they have different... Like excise taxes inside the sales tax code. Excise taxes are problematic because you target particular individuals or lifestyles or different... All the government are saying, "Oh, we're not taxing you. We're just taxing cigarette smokers."

([21:23](#)):

And then they turn around and get you somewhere else. So again, excise taxes are like a progressive tax for the sales tax because they allow you to pick on unpopular people this week. We'll tax them, not you. We'll get you later than now. So the sales tax is an interesting tax. It's been around for quite some time. Property taxes are very visible. What you want in taxes is visible, so people know what they pay. Sales tax has a problem.

([21:51](#)):

Do you really know what you paid in sales tax last year? I don't. I know it was X percentage of what I bought, but I don't know what I paid. Property tax. I can tell you the penny what I paid in property tax. That's written down. So sales taxes, nice because they're single rate. Not very as transparent as you'd like. And they do get you a little bit, so you're not quite sure how much you're paying.

Bill Walton ([22:17](#)):

Well, you look at the trade between property taxes and income taxes. We all hear about Florida's no income tax. And so a couple years ago I looked at buying a property down there. One of the things that jumped out in the first five minutes is the property taxes in Florida, which are quite high. But you've made me feel better knowing that the overall tax burden is still lower than it would be if I've still lived in New York or Illinois. I seem to go to high tax places to live New York, Illinois, and DC. I've got to change that pattern.

Grove Norquist ([22:57](#)):

One of the things to keep in mind as you look at this is you want few taxes that. New Jersey had a problem with that.

Bill Walton ([23:08](#)):

Say that again. You want to lower number of taxes. You don't want 10 different things. You want one or two?

Grove Norquist ([23:13](#)):

Yes. And the reason is all taxes are raised to the breaking point, to the point where politicians careers are broken. So they raise the property tax until there's a revolt and they come down a little bit. They raise the sales tax until it comes down a little bit. Income tax that comes down. Now, you've got three though. Every one of them just under the political breaking point of... And they want tested every once in a while to see if maybe they can get a little more out of that.

([23:37](#)):

But with property taxes, the real sin there is local government. And one of the problems, even some red states, Texas, Texas, Texas, get into is that state politicians get yelled at because people say, "Our property taxes are so high." We'll go talk to your mayor. Go talk to your school board. They're the guys doing that to you.

([23:59](#)):

But instead they go, "Oh, we've got money. We'll cut your property taxes." What's that mean? We'll give the politicians that can't control themselves, well give them money so that when they spend too much, we'll steal it from you in sales tax, not in property tax. And then you'll thank us even though the government's not any smaller and the bill isn't any bigger. It's just some of it's hidden in your state taxes. Why would a red state ever subsidize incompetent blue mayors? Incompetent blue mayors should be defeated and replaced by people who can keep spending under control.

([24:29](#)):

That's the way to control property taxes, not subsidize incompetence by having red state legislators steal your money and then give it to blue mayors. Why? So they can hire democratic precinct workers. Who thought this up? It's a huge problem in North Dakota, Nebraska, Texas. The red states have gotten suckered into subsidizing blue cities. That has to end.

Bill Walton ([24:53](#)):

So that's why Gavin Newsom wants to be president, so we can get the federal government into subsidizing blue state blunders.

Grove Norquist ([25:00](#)):

Oh, yes.

Bill Walton ([25:00](#)):

Which is probably at the top of that list. We talk about the revenue side, the taxes a different level. I did want to make one point. So going from a fast number of taxes to a couple taxes. You mean we don't have to play whack-a-mole all the time where something goes up and goes down? We can just focus on the one or two things and get everybody to buy in.

Grove Norquist ([25:26](#)):

There's too many fees.

Bill Walton ([25:28](#)):

If you're listening to this or thinking about taxes, you ought to be talking to your politicians about one tax. And then we've got to have a conversation about how that's going to be.

Grove Norquist ([25:39](#)):

One quick thing. New Jersey, 1965. Only property tax. Much too high, have to fix it. Let's have a sales tax. Then we'll have lower property taxes. '65, they put that in. '77, oh my goodness. We have a sales tax and very high property taxes. We must fix this. Let us take a third tapeworm and swallow that in income tax. Now, New Jersey has a high income tax, a high sales tax, and high property taxes. They didn't solve any problem by creating new taxes, they made it worse.

Bill Walton ([26:07](#)):

Well, this is The Bill Walton Show, and I'm talking with the great Grover Norquist, founder of Americans for Tax Reform. We're talking about the politicians' infinite ability to come up with new ways to take your money through subtle taxes. We've talked about the revenue. Let's talk about the spending side. And you've mentioned states are beginning to cut their spending relative to GDP and relative to the population. The big numbers that the state and locals spend is K-12 education, Medicaid, children's health, higher education colleges. That captures almost 60, 65% of state and local budgets. Are they going after that spending? And if so, how are they doing it?

Grove Norquist ([26:53](#)):

There's a very interesting virtuous cycle going on here. The Democrats wanted to get the states to pay more of the education budget because they couldn't get as much money as they wanted to out of cities in the property tax, towns and cities. So they got the states to send everybody in New Hampshire \$4,500 per student. They got the state constitution to the state Supreme Court to say, "When it says you should cherish education, we understand cherish to mean as judges. \$4,500, that's what cherish means." No kidding. So that's what they got. But now-

Bill Walton ([27:34](#)):

That's in the fourth definition in Websters, cherished, \$4,500.

Grove Norquist ([27:39](#)):

My guess is it goes up every once in a while in these judges' minds too. It's a little somewhat fluid, but pretty sure it means at least \$4,500. In New Hampshire, two years ago they passed a law, an education savings account so that \$4,500 of state tax revenue goes to each to a school for each student they have. That's what they did. Now they said if you make less than \$80,000, you can ask for that \$4,500 to go to the school of your choice or to you if you homeschool. That's the 80,000. They wanted to go to everybody, but they did it for people who earn less than \$80,000.

Bill Walton ([28:22](#)):

So they make it a form of voucher. I know that you're not supposed to use the V word, but that's the good thing they're doing.

Grove Norquist ([28:29](#)):

That's exactly what they're doing. And then Arizona to do even better said, "No cap on income. Every citizen." We started these things. We did it for handicapped kids. We did it for troubled children. We did it for very poor children. We did it for people in certain cities to give them school choice. And then because nobody died and the world got better and parents liked it, and even the teachers liked it. So now what Arizona passed was their \$6,500 there, cherish. I don't think they have cherish in their constitution or it would be 4,500.

([29:02](#)):

Theirs \$6,500 per child goes to the parent if the parent asks not to the school that they go to. And then all the other states, Texas, Iowa, that are all looking to do this, Arkansas, they're all doing everything like the Arizona model. So the people who started to do school choice in Florida and Wisconsin, Jeb Bush and Tommy Thompson and so on, they really got the ball rolling with some very small people.

[NEW\_PARAGRAPH]"Why aren't you doing it for everybody?" "Because we don't have the boats to do it for everybody." "Idiot, get this. Plant the small seed. Come back and all of a sudden you've got an oak tree. And not only an oak tree, but you've got dozens of would be oak trees." Every red state is a likely state to enact very extensive school of choice. And as you were saying, that's about half. K through 12 is about half of the state and local spending.

([29:55](#)):

So if you voucherize that, if you make that under the control of parents, the teacher's union now has zero interest in that number because they don't get that money unless they've got a school that everybody really likes. In which case you don't need the union to raise your taxes to get money for you. People are bringing their voucher, their scholarship with them.

([30:17](#)):

So taking a half of state and local spending and making it competitive as if everybody got a voucher to go to the post office or UPS. You'd never have to privatize the post office. You just did it. [inaudible 00:30:31] act like a private sector company or go out of business?

Bill Walton ([30:35](#)):

Let me diverge a bit from the money piece of this to the cultural wars we're in. I mean, I look at these numbers for K-12 education and higher education, and I think about a lot of the bad stuff that's in the curriculum. I mean is there any initiative among the legislatures and particularly in some of these red states to tie dollars to the institutions they're funding to curriculum changes and getting it back into teaching American civics and all those other sorts of antiquated ideas?

Grove Norquist ([31:12](#)):

There are proposals. And in Florida you see the state says everybody should do this. I much prefer the other approach, which is do you have dirty books in your school library? You know what? No problem. But any parent who objects to dirty books in their school library can take their local money and their state money. Go to any school they want. So nobody's saying you can't have ridiculous books in your library, but any parent who wants out should be able to take all of their money that's taken in their name for their kids' education and go anywhere they want. It is the teacher's union that will go into those libraries and tear up all those books because they don't want to drive people out of their school.

Bill Walton ([31:52](#)):

I love that idea. I mean, just if you're losing the money you're funding because of this bad stuff, get rid of the bad stuff, then maybe you'll keep the money. I like that.

Grove Norquist ([32:04](#)):

Yeah, that becomes self-caring.

Bill Walton ([32:06](#)):

I like having a Harvard MBA in charge of thinking through all these incentives. It seems to be helpful.

Grove Norquist ([32:13](#)):

Incentives do matter even for government workers.

Bill Walton ([32:16](#)):

But what about the funding for the universities? I mean, I talked about the Harvard MBA and Harvard. I mean, I won't give money to Indiana University anymore, which is where I went to school because I don't like what they're teaching. I don't like what's happening on the campus. I don't like the fact that Indiana University has the highest number of diversity officers of any university in the country. Not sure why, but they do. So a lot of this... And you look at the growth and spending in particular what they call higher education. Almost all of it has come at administrative cost and almost all of that is in the form of these diversity, equity and inclusion programs.

Grove Norquist ([32:57](#)):

That is a huge challenge. There are a couple of opportunities. One is governors do not... When somebody runs for governor, they may tell you, "I'll nominate conservative judges." They may tell you, "I won't raise your taxes." They almost never come in with a public or private plan to reform schools. But you now see with the governor of Virginia and the governor of Florida both looking about their appointments as to who's running these universities much more seriously. We had even good conservative governors in the past would put people on the board of directors of universities in Colorado for instance.

([33:40](#)):

Republicans had that a long time. Because they wanted free tickets to the football game. They would go along to get along and they'd just, okay, whatever the school president says. Instead of going, we run this university. We have some concerns. You work for us, Mr. School president, university president, not the other way around. Same thing. School boards with people who run local public high schools and K through 12.

[\(34:09\)](#):

One, we need to teach Republican governors and mayors and school boards. You run this thing. What is all this whining about? You run it, okay? But it also means you have to do this, march through the institution because any governor can only appoint so many trustees in a given year. With the Supreme Court, you got to go on and on and on. And one of the conservative governors from Virginia put Bill Crystal on one of these things and he voted with the teachers because he's from an academic background and he thought the teachers should run the university and go, "No, Bill. Not the way it works."

[\(34:45\)](#):

But we had Sutor. The governor of Virginia had Crystal. Just somebody he thought because he was a conservative that he would know what to do. You need somebody who's actually thought through how this works. So one, governors, school boards need to take control of their educational facilities and use that power that they actually have. Two, I think we're going to see high tech companies and others make college redundant or unimportant.

[\(35:16\)](#):

For most tech jobs, what you do is you go to Apple University. There's a McDonald's university where they teach you how to be a McDonald's manager and then you're off to the races. What would four years of college do for you? That's more important than knowing how to run a McDonald's and then being able to do one, two, three, and four. Same thing with all these tech issues that they have very specific needs.

[\(35:41\)](#):

They can teach you how to get a job coding or in the areas where they know they're hiring, where there are jobs available. Those should be run by the businesses themselves, not by some college, which has written an article about Apple, and then he is an expert on Apple or what Apple needs. You need people who have real skills imparted. Then I think you start defunding the universities out of that job. One last thought here. One of the major problems in universities is that half or more of the money goes to research, which basically means people write articles about black chemistry and stuff which they share with other people and there's no value to them. And then half of the money maybe goes to educate the kids.

[\(36:29\)](#):

We should separate that. Federal government shouldn't be doing odd duck research. I'm not talking about trying to decide how to make atoms do something interesting. The kind of research where people write papers about other people's papers and other people's books and French literature. It may be interesting. Maybe people should do it on their own, but there's no reason the federal government should steal anybody's money, so some university professor can have fun not working.

Bill Walton ([36:53](#)):

Well, you're exactly right. I mean, the word research at 35,000 feet sounds glorious. We all want research, but when you look at all the bad stuff that funds and how destructive a lot of it is, it's not just the dollars, but how those dollars are putting to use makes me think about our defense department. But that's another discussion for another day. Hey, let's shift gears to... I mean, you and I know so many things. [inaudible 00:37:25] I want to talk with you about it all. This is The Bill Walton Show. I'm talking with Grover Norquist, founder of the very effective Americans for Tax Reform.

[\(37:33\)](#):

We've been talking about state and local taxes and what it funds and what we can do to correct some of the things that it's funding that we don't think should be funded. But let's shift this argument or this discussion to the federal level. We talked about state taxes, Grover. There's now a bill that's put out in Congress, new Republican slender majority in the house that wants to introduce something called the fair tax. I think this was one of the conditions that got McCarthy, the vote to become speaker.

Grove Norquist ([38:11](#)):

Yes. Reportedly, one congressman said, "I'll only vote for you if you have an up and down vote on the fair tax." And if you're McCarthy, once the five decided they had to have things, anyone who didn't ask for something was a sucker. So there's a lot of promises that are made. Not all of them necessarily helpful to maintaining the Republican majority or having limited government. This is one of those. This is entirely well-meaning. Good people thought it up. A couple of billionaires out of Texas. Spent a lot of money promoting it. They used to come and talk to me about this 20 years ago and they told me their plan to pass a constitutional amendment to get rid of the income tax and put in a sales tax over the next 10 months, a 10-month plan to do this.

([38:59](#)):

So it wasn't particularly well thought out politically. Neal Boortz was the radio talk show host in Atlanta which is why when you look at the people who co-sponsored the bill, there are only 25, 24 Republicans who co-sponsored the fair tax. It used to be 75. Over time people have realized the dangers of the issue to them politically. And so it's down to 24. They tend to all be in Georgia, Northern Florida, South Carolina, because that's where they had Neal Boortz was talking all the time.

Bill Walton ([39:32](#)):

Well, the headline is a very attractive one, which is we're going to get rid of the income tax. We're going to get rid of the Internal Revenue Service and it's going to be very simple. We're just going to have a tax on your consumption, both personal consumption and business consumption. Very simple. Of course, we're going to have to create a new bureau called the Sales Tax Bureau and we might also have to create one called the Excise Tax Bureau. So once you start wading into the weeds, it gets a little less... The field looks a little less attractive.

Grove Norquist ([40:03](#)):

I have great sympathy and admiration for let's get rid of the income tax, which we've been doing at the state, working on at the state level. And let's do something about the IRS being too intrusive, too abusive, and too political. We need to do those. Neither of those require creating a new 30% sales tax which is if you buy something for a hundred dollars, it'll cost you \$130. Now 30 goes to the government. That's the way they get to 30.

([40:31](#)):

We've seen what happened. DeMint, the former senator from South Carolina was running. He enforced it. They almost took his head off. He almost lost that election because they spent a million to \$2 million saying, "You know what the problems you have in life?" DeMint wants to add a 30% sales tax. They don't say, "Get rid of the income tax because that's not what opposition ads do." They don't give your side of the story.

([40:54](#)):

So if you have a policy which has a very scary part and a nice part, how does it get played by the media or by your opponents advertising? They focus on the dead deep cross. They almost got Nancy Mace with

the same thing. We've had real trouble with people getting people across the finish line because of this. If the Republicans get associated with it, and that's what Biden is trying to do. He's giving series of speeches and another one coming up saying, "This is the Republican plan. The Republican Party has never voted for this. It's never been on a platform. It's never been voted on. It's never gone through ways and means committee. It's the idea supported sort of by 24 people, none of whom have gotten a vote on it." But we need to make sure that more Republicans don't get stuck into this trap.

Bill Walton ([41:45](#)):

And getting back to your point about the constituency for this, I mean the dirty little secret, it's not so secret is over half of Americans don't pay an income tax. I mean, there's some FICA and things like that, but not an income tax. But this 30% increase on purchases would affect everybody and it's a big number. Of course, we also know politically, if you did get a fair tax passed in part, well we wouldn't really get rid of the income tax we'd have to keep. What do you think about this? One of the things that's always troubled me, and I know you were in grade school talking about how you didn't like taxes. If we'd been around in 1912, when was it they created the internal Revenue Service was 1912, '13, '14?

Grove Norquist ([41:45](#)):

'21, '13.

Bill Walton ([42:32](#)):

1914? What it did, and it's really apparent now, it wasn't apparent then is it gave the federal government the right to look into your income, all its sources, all your expenses, all the ways you live your life through the information you have to provide to what's now the Internal Revenue Service. The attraction for me for a fair tax is the privacy issue. But I don't think in the world of the politically possible that politicians are going to give up their right to know all your personal life through your tax return.

Grove Norquist ([43:09](#)):

If they passed a law that says the IRS is gone and the income tax is over, now have a sales tax. The next time the Democrats won the house, the Senate, the presidency, which happens from time to time, they put the income tax back because the Constitution specifically says you can have an income tax. And the idea that we're going to get three quarters of the legislature to ban an income tax and two thirds of the House and Senate abandoned income tax, that is never happening.

Bill Walton ([43:41](#)):

Which got to be paired with the fair tax, which is the constitutional amendment you'd need or repealing that constitutional amendment, then that's an impossibility.

Grove Norquist ([43:54](#)):

If you had the votes to get rid of the Constitution and switch over to a sales tax, you would also have the votes to dramatically take the income tax down, down, down the way we're doing at the state level. If we had both houses of the legislature and two thirds and all the states, why would you spend any time swapping one tax for another? Just take the taxes we have and bring them down. For heaven's sakes, if you have... If you can imagine one vote that allows you to do X, Y, and Z, well take that strength and cut spending so you don't need as much taxes.

Bill Walton ([44:30](#)):

Couple things that are in the headline right now, headlines in the last year or so and right now is the debt ceiling. I mean, I look at the deficits we've run all financed by debt, 3 trillion in 2020, 2.8 trillion in 2021. Now, it's a mere 1 trillion in 2022. And I think that's what it's projected to be in 2023. How should we think about the debt ceiling?

Grove Norquist ([45:00](#)):

The debt ceiling allows the out of power party to tell the in power party, we will only let you have a debt ceiling increase if we get X. But half the time the debt ceiling has been increased. There has been conditions attached to it. New polls out from Harvard Harris Poll, Mark Penn's polling company poll that 63% of Americans think that if you're going to raise the debt ceiling, there should be some requirement of spending restraint. Back in 2011, when we went through the same process, exact same process, it was also 60% of people thought you should have a spending requirement.

([45:39](#)):

What the Democrats wanted in 2011 was tax increases some spending restraint. They wanted to cut social security and Medicare because they don't think that generates the votes for them that social welfare spending does. So they're willing to cut those if you raise taxes. And the Republicans said, "We're not raising taxes." And they also said, "And by the way, we're not so stupid as to think, we'd walk into a room with you and you say we've agreed to cut social security and raise taxes."

([46:07](#)):

And when we walk out the door and say, "We've agreed to cutting taxes." You're raising taxes and cutting social security, you're going to walk away from that and we'll be the party cutting social security. There's no way you're going to make us carry that. So the Republicans said, "That's a trap." Although I see in the newspaper today that some Republicans are going in the Senate, "This might work." Okay, we went through this. I wish these people weren't 12 years old and didn't know what happened in 2011.

([46:34](#)):

We've done this before. They tried to get us to cut social security. They tried to get us to raise taxes and Republicans said we want spending reduction, spending reduction of \$2 trillion over 10 years. Not tomorrow, over 10 years in order to give you the 2 trillion in additional debt ceiling.

([46:52](#)):

That's exactly what we got. It is exactly what we got. It was Obama who agreed to it. It was Biden who negotiated it. So we've all been there. So all this screaming is going to end the world or we have to raise taxes or nobody has ever had a condition on this. It's all nonsense. I've been reading the old newspapers and everything that they say today is what they said then. Where did we end up? In a very good place. No tax increase. Not a penny in spending restraint, but nothing got smashed to smithereens. They just cut everything a little bit and we should do that again.

Bill Walton ([47:24](#)):

So how does this... Well, even that two \$2 trillion sounds like a lot, but it still leaves us with an 800 billion deficit every year. So it's not exactly draconian. This show tends to be a little longer shelf life material, but we're now in late January 2023. How does this latest debt ceiling drama end?

Grove Norquist ([47:47](#)):

It'll end in June just as they get up to the deadline and I think it'll be if the Republicans can hold 218 in the house. And that means you have to sit down the five guys who do performance art instead of be

congressman and make them agree, "We are going to have this position. We need you to agree." Because otherwise if we walk out of this room and any one of you walks and says, "We're not with the deal, then we have no credibility." And then the deal will be done in the Senate.

[\(48:16\)](#):

When I was reading this thing about, "Oh, we're going to do the tax increase and social security," it was a couple of senators. They could and would do that in the Senate.

Bill Walton [\(48:22\)](#):

You don't want a deal done in the Senate.

Grove Norquist [\(48:25\)](#):

No. But-

Bill Walton [\(48:25\)](#):

The 18 votes for the 1.7 trillion monstrosity last month.

Grove Norquist [\(48:30\)](#):

And what you now need to do is to say to people who just had fun voting with the Democrats 14 times in a row, you've got to agree that we're going to come up with one plan. And however good a deal we get, we delivered to 218 votes. We've already seen the head of the Freedom Caucus is going to say, "You know that one-to-one agreement we have? We need four to one." Now, if that's a negotiating position, that's fine, but if he really believes that he can get that and he's not going to vote for anything else, well then he's just made not himself irrelevant, the entire house irrelevant.

[\(49:03\)](#):

No one will talk to anybody in the house. They'll do it in the Senate and they'll go back and pick up five moderates to go with all the Democrats with whatever the Senate agrees to and the house will be in... It's not one guy says, "I have a ridiculous demand." It means you are irrelevant. You make the house irrelevant. All done by the Senate. And not by the Senate, but by nine Republicans and all D's. That's how they make it.

Bill Walton [\(49:28\)](#):

Well, that's the best argument I've heard about keeping 218 to vote on what's acceptable. Boy, you go to the Senate, you might as well just hand it to Biden.

Grove Norquist [\(49:41\)](#):

That's why the Senate did the spending deal without waiting for the house because they [inaudible 00:49:45] wait for what house. There's no 218 there. We'll cut the best deal can. You guys in the house will live with it because you can't get your act together. If they can get 218 act together, they can dominate this town, but they got to have 218.

Bill Walton [\(50:00\)](#):

Got it. One item, we got to get out of here. I've already taken way too much of your time, but I could probably spend [inaudible 00:50:07] five, six hours. Janet Yellen came back with a long face not too long ago because she'd gone to a very fancy resort. I can't remember where in Europe or someplace exotic

feeling like she hadn't gotten the tax treaty she wanted, which would cause all the states, all the governments, all the countries to have a minimum tax that they would charge so that you couldn't have countries competing with other countries based on a lower tax burden. Explain why that's a bad idea for everybody to have the same, quote, "low taxes" and also where's the pushback coming against that?

Grove Norquist ([50:48](#)):

Sure. This is something the Europeans have always wanted. They considered the United States when we cut our corporate rate down to 50 and then 28. They didn't like that at all. The Europeans all followed us and went way under 28 because it was such a good idea. But now they don't like the idea of Ireland and Hungary, and some of these other countries having 12 and a half or 8% taxes because they don't want to have to compete with that. And the point of fact, they should have to compete with it.

([51:13](#)):

We should have been at 15. That's what Trump wanted to do. We got stuck at 21. I mean 21 was much better than 35. Don't get me wrong, but we wanted 15. We still should go to 15. That should be where we are and we should want lower taxes in America compared to Europe or the rest of the world. Not the same. You don't want to cartel? The reason why states are going to zero and lower is so they can compete. But if you could have had a bunch of states get together or the federal government come out and figure out how to say, "No one can have a tax lower than 10%," then every state would have a 10% income tax. SO there's no reason for them to do better.

Bill Walton ([51:51](#)):

So incentives matter. And if you lower taxes, you attract capital. You attract capital, you get investment. Investment creates people building things and creating jobs and all of a sudden people are getting richer and happier.

Grove Norquist ([52:07](#)):

Yeah.

Bill Walton ([52:08](#)):

Okay.

Grove Norquist ([52:08](#)):

The Europeans do not want to have to work during the summer and they're trying to figure out some way to slow us down.

Bill Walton ([52:16](#)):

Well, I don't really want to work during the summer either. Grover, this has been fantastic and to be continued because there are a lot of things that we didn't get to cover today. How about a last word in what you're doing with ATR and how people can support you?

Grove Norquist ([52:31](#)):

Sure. Americans for Tax Reform. We share with all state legislators and house and Senate leaders, members, would you sign the pledge never to raise taxes? And we have most Republicans in the house and the Senate, state legislatures, most go Republican governors have made that commitment in writing that they'll never raise taxes. It's what stopped tax increases back in 2011 and 2013. It is what's allowed

us at the state level to say no to democratic governors and Republican governors to say no to every spending idea.

[\(53:03\)](#):

When you talk to somebody who's running for office, have they signed the pledge, a written pledge to the people of your state? Not to me as Obama used to say, but to the people of their state that they tend to keep. And since 1994, no Republican in DC has voted for a tax increase. They've all kept their pledge. And since '94, when we started keeping the pledge, the Republicans have controlled Congress 60% of the time. Previously, it was four years out of 64 years. So by being the party, they won't raise taxes. The Republicans became competitive in Washington DC where they weren't before.

[\(53:38\)](#):

So what we want to do is move that stronger in every single state. And then the next big project, it is local government. Mayors, school boards, all the various districts and so on. We need to take the no tax increase commitment to local government as well as state and federal. I tweet @GroverNorquist. Our website is ATR, Americans for Tax Reform, atr.org and we'd love to hear from you.

Bill Walton [\(54:09\)](#):

Grover, thank you. Thank you. This has been The Bill Walton Show and as we just heard, we're here with Grover Norquist. As always, you can find us on all the major podcast platforms and on Substack and on YouTube, and on Rumble. I don't think we said anything today that would get us kicked off YouTube, but you never know. As always, we welcome your comments either in Substack or on our website, thebillwaltonshow.com. Thanks for joining and hope you learned a lot. I certainly did. And we'll have Grover back for more. So thanks.

Grove Norquist [\(54:42\)](#):

Thank you, Bill.

Bill Walton [\(54:43\)](#):

Hope you enjoyed the conversation. Want more? Click the subscribe button or head over to thebillwaltonshow.com to choose from over a hundred episodes. You can also learn more about our guest on our Interesting People page. And send us your comments. We read everyone and your thoughts help us guide the show. If it's easier for you to listen, check out our podcast page and subscribe there. In return, we'll keep you informed about what's true, what's right, and what's next. Thanks for joining.