

Vermonters for Economic Health

Legislative Priorities

January 2010

Economic Development

Employment growth in a healthy business sector improves Vermont's tax capacity. For more than a decade, the private sector has been struggling. Public policy should enable businesses to thrive, yet Vermont's legislative history has been unfriendly to business health. Vermont must create both the reality and perception of being business-friendly.

- ***The Legislature must change policies that have increased the difficulty of doing business in the state including burdensome regulatory processes***
- ***Increase job training funding and incentives to help grow the private sector***
- ***Continue and enhance tax incentives for Vermont business investments***
- ***Provide income tax rate incentives for new and relocated businesses***

Fiscal Discipline and Government Spending

Government spending has outstripped the tax base. Limit spending to funding capacity only to accommodate population growth without adding new taxes or increasing tax rates.

- ***Implement spending limits to prevent tax increases for five years***
- ***Require fiscal analysis of key legislation***

All major legislation should undergo a rigorous cost analysis looking forward a minimum of five years to determine the financial impact on Vermont's future budgets and taxpayers.
- ***Change the state employee and teacher retirement systems to make them sustainable; rationally include education retirement system costs in Vermont's Education Fund***
- ***Restructure state government and services consistent with the tax base***

Taxation

Vermont's tax system is already highly progressive and will continue to drive high earners and entrepreneurs from the state as well as hinder business from expanding or relocating to Vermont. Tax structure and policy should change to encourage business investment and private sector jobs. No additional progressivity is warranted.

- ***Simplify and make taxation transparent***

Act 60/68, Act 250 and other legislation involving vast amounts of taxpayer dollars should be reformed to eliminate complexity in favor of simplicity, transparency and accountability.
- ***Do not raise income or other tax rates***
- ***Constrain state education property tax revenue collection consistent with the decline in student population***

● **Reinstate capital gains tax exemption to encourage investment in Vermont; reduce inheritance tax to retain/attract Vermont residents**

● **Balance Unemployment Insurance rates with benefit reductions to assure UI Fund solvency**

Education Spending & Reform

Cap or reduce present per-student spending for K-12 education because Vermont spends far too much on K-12 education. Spending per-student is 40% above the national average and has risen ~6 % annually for the last few years. Rein in education spending for a shrinking enrollment to bring it much closer to national averages.

● **School districts must be consolidated within 3-5 years to lower administration costs**

● **Change the Act 60/68 funding mechanism to reduce income sensitivity to increase local taxpayer participation in school budget decisions**

Electricity Supply and Pricing

● **Relicense a reliable Vermont Yankee in the absence of long-term cost-competitive alternatives**

Any revenue sharing from the re-licensing period should be allocated to: 1) lower ratepayer costs; 2) investments in cost-effective efficiency projects; and 3) investments by utilities in viable electricity generation within Vermont without above-market "feed-in" tariffs.

● **Provide tax incentives and streamlined permitting processes to encourage independent investments in cost-effective electricity generation**

● **No increase above the currently approved 50 Megawatts of new electricity generation with costly" feed-in" tariffs**

● **Implement the funded smart grid as soon as feasible without increases for ratepayers**

Telecommunications

● **Preserve Telecommunications bonding authority authorized by Act 79**

Retaining the \$40 million bonding authority authorized in Act 79 is essential. Additional private and public infrastructure investment, innovative technology and reasonable regulatory and permitting actions are needed to provide statewide broadband and cell service at the earliest possible time to support Vermont's economic health.

Vermonters for Economic Health (VEH) is a grassroots, citizen-led organization whose members and contributors are deeply concerned about Vermont's deteriorating economic condition. VEH was formed in 2007 before the recession took hold. Our mission is simple: Promote Vermont's economic health and fiscal responsibility in state government. VEH takes no position on social issues. We encourage the General Assembly to concentrate on actions to improve the health of Vermont's economy. The focus in this session must be on spending control, tax relief, education cost control, regulatory reform, and other elements essential to Vermont's private sector economic health and state government's fiscal discipline.