



Vermonters for Economic Health

Legislative Priorities

January 2009

Fiscal Discipline and Government Spending

- ***Implement spending limits to slow tax increases for five years***

Government spending has outstripped the tax base. Impose statutory budget controls that limit future spending to no more than the previous year's revenue level plus the rate of Vermonters' average wage growth.

- ***Demand fiscal analysis of key legislation***

All significant legislation should undergo a rigorous fiscal and opportunity cost analysis over a minimum five year period to determine the financial impact on Vermont's budget and its taxpayers.

- ***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.

Taxation

Vermont's tax policy is overly complex and sometimes irrational. Our tax rate is already highly progressive and will continue to drive high earners and entrepreneurs from the state as well as hindering business from expanding or relocating to Vermont.

- ***Do not raise income or other tax rates.***

- ***Limit state education property tax increases to annual inflation.***

- ***Create a bi-partisan initiative to simplify and update our tax policy***

- ***Retain capital gains tax exemption***

Education Spending & Reform

Spend less on K-12 education.

Vermont spends far too much on K-12 education. Spending per student is 40% above the national average and rising 6.2% per year for the last five years. Education spending must be brought in line with shrinking enrollment and much closer to the national average.

- ***School districts must be consolidated to lower administration expenses.***

- ***The Act 60/68 funding mechanism must change to reduce income sensitivity and increase local taxpayer participation in school budget decisions***

- ***Authorize broadly based school choice***

Electricity Supply

- ***Relicense a reliable VT Yankee in the absence of cost competitive alternatives***

Any revenue sharing from the relicensing period should be allocated to: 1) lower ratepayer costs; 2) investments in cost effective efficiency projects; and 3) any remaining proceeds invested by utilities in viable electricity generation within the State.

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

Transportation

- ***No increase in gasoline or Diesel Taxes***

Transportation Fund revenue is sufficient to support Vermont's transportation infrastructure. Stop the transfer of Transportation Fund money to the Education Fund. Use all Transportation Fund revenue for bridge/highway construction, including sound bonding for bridge and culvert construction as necessary. Do not backfill the Education Fund.

Telecommunications

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

Because Vermont's bonding capacity may be stretched to accommodate transportation infrastructure improvements during this recession, preserving the \$40 million bonding authority authorized in Act 79 is essential. Additional private and public infrastructure investment, innovative technology and reasonable regulatory actions are needed to provide statewide broadband and cell service at the earliest possible time.

Economic Development

There has been virtually no private sector job growth in this decade. Notwithstanding the unhealthy economy, government jobs have grown more than 10%, which is unsustainable. Vermont has created the perception of being unfriendly to business.

- ***Vermont must work hard to improve the poor perception of doing business in the state***

- ***Preserve job training funding and incentives***

- ***Continue and enhance tax incentives for Vermont based business investments***

- ***Provide income tax rate incentives for new and relocated businesses.***

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