

FOR IMMEDIATE RELEASE

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Time to Return to Solid Ground

Before the days of modern technology, miners brought canaries into the mines for safety. If there were deadly gases collecting in the shafts, the canaries would collapse – a sign to the miners that they should evacuate to fresh air and natural light.

Recently, another canary signaled the need for fresh thinking in Montpelier. It came as a late-day statement from a regional chamber of commerce in Bennington County. The organization's mission is to promote its local businesses. But it announced it was facing closure, and would need to shut down immediately. A last-minute effort may have saved this Chamber, but it's another indication that the priorities of legislative leaders and Governor Shumlin have been misplaced.

The organization cited Vermont Health Connect's mandate on small businesses – the only mandate in the nation, and one that I opposed – as a reason for its potential closing. They said: "... just as we were gaining momentum, we experienced a major financial setback with the loss of our ability to offer insurance to members when the State introduced Vermont Health Connect. The loss for our Chamber was almost 100 memberships and \$75,000 in the first year alone." Their situation is just the latest in a string of concerning economic warning signs.

The last five years have seen hundreds of layoffs coupled with dozens of sales and devastating closures. We've lost thousands of working age Vermonters – people our local economies and communities rely on and who help pay for government services and schools. The economic challenges are particularly acute outside of the greater Chittenden County area, and with fewer workers in the workforce the growing tax burden is spread across fewer people.

Yet lawmakers ignore these telltale signs and continue to dig deeper, exposing everyone to more economic risk. Two days before the regional Chamber of Commerce announcement, a majority of House Ways and Means Committee members proposed more than \$48 million in new taxes and fees for next year. Rather than finding savings – savings the House minority has already identified – the majority is proposing to raise more money from the people who live and work in Vermont. Monday, the House Appropriations Committee responded with a budget proposal that uses all but \$1.3 million of those new dollars.

Over the past decade, the Vermont economy has increased at an average inflation-adjusted rate of less than 1 percent each year. Over the past six years, a dangerous spending addiction has caused the budget to grow at around 5 percent while revenue, wages and the economy as a

whole grew at around 2 percent. Altogether, the majority has raised taxes and fees by well more than a half-billion dollars.

At the start of this session, I again urged leaders to join me in focusing on the economy and affordability. My view is simple: If legislation measurably helps our economy or makes Vermont more affordable for families and businesses, we should move it forward; if it does neither, it should be set aside. This is what Vermonters need the Legislature to prioritize – with laser-like focus.

It's possible to pass a budget that does not raise taxes -- if the Legislature is willing to limit spending increases to less than 2 percent a year. We still have time to start reforming the state budget this year, but we have to begin now.

Over the next two months – the second half of the legislative session – the Legislature must focus on laying the foundation for even more significant, measurable improvements in the next session. The budget must not grow more than the underlying economy.

This approach is one of the biggest keys to statewide revitalization. It will enable us to invest in our future, lift wages and reverse the crisis of affordability facing many families who cannot sustain increases year after year. They need a break.

The tools are there: There are more than two-dozen bills (many introduced by the Republican minority) that would positively impact Vermont families and business, or address unsustainable spending. As it stands today, only a few of them are going to be taken up, such as H.867, which provides clarity for independent contractors and H.868, a modest economic development bill.

We don't have to abandon our values to get our budget back on track and focus on economic growth. It's not an all-or-nothing scenario. We can contain state spending while maintaining essential services to Vermont's most vulnerable populations and preserving environmental protections.

When you find yourself in a hole, the first thing you need to do is stop digging. The Legislature must rethink every line item and focus on rebuilding our foundation. This work shouldn't wait until next year. We must heed the warnings immediately. It's time to start growing again.

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