

From: Springer, Darren [Darren.Springer@vermont.gov]
Sent: Tuesday, July 19, 2016 12:11 PM
To: Springer, Darren
BCC: Powell, Mary (Mary.Powell@greenmountainpower.com); Scott Johnstone (sjohnstone@veic.org); Don Rendall (DRendall@vermontgas.com); Steve Terry (steveterryvt@gmail.com); 'dgurtman@DINSE.COM'; 'willr@gardeners.com'; 'BobB@howardcenter.org'; Kerrick Johnson (KJOHNSON@velco.com); 'MMIHALY@vermontlaw.edu'; 'Robert.Miller@vsecu.com'; 'jbradley@veda.org'; Wendy L. Koenig (Wendy.Koenig@uvm.edu); 'Joyce.Judy@ccv.edu'
Subject: Some facts for your consideration

As member companies and organizations of the Business Roundtable, I wanted to share some facts and context for your consideration.

In an Op Ed (<http://vtdigger.org/2016/07/14/lisa-ventriss-vermont-should-worry-about-out-migration/>) printed July 14, the President of the Business Roundtable said:

"I certainly agree with the comment that Vermont has its economic problems. Perhaps most troubling is that Vermont's general fund budget grew 27 percent during the period 2011-2016 while our GSP barely registered a heartbeat. This pattern more than any other speaks to a political culture of big ideas disconnected from sustainable fiscal policies. Such lack of fiscal discipline has resulted in ritualized budget deficits backfilled with tariffs, special fees, and odd tax increases that target individual companies and industry sectors. And all taxpayers have suffered in this scenario, but none more than the middle class."

And

"How our new political leadership in the executive and legislative branches shape policies and priorities in their first term will be an early warning signal. Will there be a continuation of the expansive and costly growth policies of the last six years, or will there be a pivot to more sustainable government that is welcoming to all taxpayers?"

I would point out that Finance Commissioner Pallito published an Op Ed on June 12 that addressed many of these points (<http://vtdigger.org/2016/06/12/andrew-pallito-understanding-the-budget/>). As he states, the Governor and Legislature finalized the sixth consecutive balanced budget, without increasing tax rates on income, sales, or rooms and meals. For the first time since at least 2009 there was no one-time money used to balance the budget.

"Historically, Vermont has managed to balance its budget through tools such as one-time money. This includes using federal stimulus funds, which were used to help dig Vermont out from the Great Recession, federal funds from FEMA received to help with Irene recovery, and federal funds to help Vermont with the expensive mandates required by the Affordable Care Act. The budget signed into law this year is the first budget since at least 2009 that does not rely on the use of one-time funds for ongoing state expenses, a practice that leaves Vermont subject to the whims of the federal government and its budget process which, at best, is unpredictable."

This administration has consistently made it clear that it would not increase certain broad-based taxes that could be counterproductive to Vermont's economy. For the sixth budget in a row this administration refused to burden Vermonters by raising income, sales or rooms and meals tax rates on working Vermonters who can't afford it. While true that this year's budget raised certain fees in order to balance the budget, some of these fees have not been revised in a number of years. It is our collective responsibility to revisit fees annually to ensure that the fees match the cost to administer the associated program or keeps pace with activity in neighboring states.

In terms of budget growth, since 2012, the compounded annual growth rate of Vermont's total budget is 3.7 percent while Vermont's economy, defined as the Vermont Gross State Product, has grown at 3.1 percent."

I would also add the last six years has seen the creation of approximately 18,000 new jobs, Vermont has one of the lowest unemployment rates in the nation (<http://governor.vermont.gov/press-release/gov-shumlin-statement-drop-unemployment-rate>), and since 2011 Vermonters' per capita personal incomes have grown at or above the national rate, something that has never happened before (<http://www.vtlmi.info/pcpivt.htm>).

I appreciate your reviewing these materials.

Thanks,
Darren

Darren M. Springer
Chief of Staff, Office of the Governor
(802) 522-2082 (cell)
Darren.Springer@vermont.gov

Please note: My email address has changed to Darren.Springer@vermont.gov.