

Statement of Lt. Governor Phil Scott on Revenue Forecast and Vermont Health Connect Oversight Reports

Two reports were released on Monday of critical importance to Vermonters.

THE REVENUE REPORT

First, economists for the Legislature and Administration presented the updated revenue forecast (estimates of how much tax money state government is expected to collect) to legislative leaders and the governor. While the good news is the bottom line appears to balance, it's important for Vermonters to know how we arrived at this point.

There were a few details missing from the discussion. For example, little mention was made of the fact that the state has previously lowered revenue projections – most recently by almost \$50 million (\$30 million last July and \$18 million again in January) – due to weakness in the economy. Additionally, while it's true that the spending may be in balance with revenue today, achieving that result required the use of millions of dollars of one-time funds – money that can only be counted on this year – as well as raising existing taxes and creating new ones on top of that. In fact, reaching this "balance" required, as noted in yesterday's presentation by the economists, *'retroactive tax changes which broadened taxable income, limited deductions and enhanced compliance.'*

It is worth noting that one piece of the state's revenue pie grew as a result of real economic activity. While the winter season was difficult in many ways, such as the cost of road maintenance and the cost of heating our homes, it was also a blessing for our travel and tourism economy and the state's rooms and meals tax revenue. This indicates a reason to bolster our Tourism and Marketing budget and find creative new ways to bring more people to Vermont. It is also a reminder that we can grow revenue without raising taxes on already overburdened Vermonters.

HEALTH CARE EXCHANGE OVERSIGHT

The Legislature also released a new oversight report on Vermont Health Connect. The report shows, among other challenges, that the federal government will not reimburse the State for a large portion of VHC's cost overruns. This means Vermont's taxpayers will pay an even bigger tab – as much as \$2.7 million more – for an underperforming system. On top of that tab, it may mean more pressure on future budgets in terms of maintenance costs on this one-of-a-kind system. It is time for the Administration to look more seriously at alternatives, as a number of us – Republicans and Democrats alike – have suggested.

THE BOTTOM LINE

In my view, the best way to balance the state budget -- and to help Vermonters fight back against the crisis of affordability -- is to resist tax increases and expand opportunities for good jobs with wages that keep up with the costs of living. We

can't continue to count on one time money to patch together our budget year after year and, like our own households, we can't spend more than we are taking in.

For Vermont Health Connect, the Administration needs to get serious about pooling resources with surrounding states, moving to the federal exchange or a combination of both -- as others and I have repeatedly suggested.

The bottom line is that in these areas, and others, we must do a far better job of living within the same means as the Vermonters who pay the bills.

###