Speaker's Call for Economic Input
2/3/2015

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10. James H. Maroney, Jr.
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30. Scott Genzer - Genzer Consulting
31. Allen Roberts
32. Bruce Shields – Response to Ralph's Response to Wendy
33. Bruce Bartlett
34. Dan Cunningham – Founder "Captain Duck"
35. Todd Lawyer - Bottle Returns on Wheels
36. Josh Jackson - TimberHomesLLC
37. Paul Ralston
38. Tim Ide
39. Chris Donneley - Director of Community Relations Champlain Housing Trust
40. Brenan Riehl - President & CEO GW Plastics, Inc.
41. George Schaefer
42. Arlene Distler - Co-founder of Write Action
43. Spoon Agave
44. John Wilmerding - Democrats' Chair for Windham County
45. Dave Mount
46. Bill Dunnington

47. David Bradbury – Vermont Technologies
48. Frank Cioffi – GBIC/Greater Burlington Industrial Corporation
49. Andrew Hudacs
50. Cyrus Patten - Executive Director Campaign for Vermont
51. Thomas Lauzon - Salvador and Babic, P.C.
52. Michael Zahner – Chamber of Commerce
53. Raymond & Linda Leonard
54. Paul Costello - Vermont Working Lands Coalition
55. David Merrill
56. Peter Elwell - Town Manager Brattleboro, Vermont
57. Larry Comes
58. Don Jamison - Executive Director Vermont Employee Ownership Center
59. Dan Normandeau
60. Linda Rossi - Vermont Small Business Development Center
61. Adam Grinold - Brattleboro Development Credit Corporation and SeVEDS
62. Jamie Gaucher – Director/Office of Business Development & Innovation/Middlebury Business Development Fund
63. Robert Oeser
64. Ben Wilson - President Better Middlebury Partnership
65. Bob Flint - Executive Director Springfield Regional Development Corporation
66. Nancy Owens – President Vermont Rural Ventures
67. Seth Webb - Town Manager Killington
68. Julia Curry
69. Tom Torti – Lake Champlain Regional Chamber of Commerce
70. John Wier
71. Dave Rogerson - Critical Process Systems Group
72. Ellen Kahler – Vermont Sustainable Jobs Fund
73. Hal Frost – "Frosty's Physics LLC"
74. Andrew Savage – All Earth Renewables
75. Scott Beck
76. Vermont Chamber of Commerce

Vermont should be the first New England State to legalize marijuana to reap the benefits of taxation and infrastructure before other states join in.

Mr. Speaker,

Health care is a growing industry and given our aging state, we will need more health care workers. I suggest an emphasis on "growing health care workers" in Vermont for Vermonters. Since health care is almost 20% of our economy, maybe our education system should make this a priority and part of the curriculum at all education levels. Further, perhaps UVM could carve a niche being among the best health care education institutions in New England, for all types of health care providers. This might also serve to help keep many of our younger Vermonters from leaving the state and not returning.

My 2 cents, Mike Davis

Dear Speaker Smith,

I heard on VPR today that you are seeking recommendations regarding the Vermont State economy and suggestions for Legislative initiatives.

As a farmer, I was very concerned to read about Governor Shumlin's proposed cuts to the Working Lands and Current Use programs as components of his plan to balance the state budget. It dismays me to realize that Mr. Shumlin is targeting two relatively small programs that directly impact the ability of farmers in the state to operate profitably.

For example, my farm was the recipient of a small Working Lands grant last year, which helped us to complete our state inspected organic certified poultry slaughter operation, the only one of its kind in Central Vermont. We are also enrolled in Current Use for both agriculture and forestry. WIthout this program, our real estate taxes would prove to be prohibitive.

The Governor has pledged large sums to support industry in the state, including millions for Global Foundries, a very profitable foreign company which certainly does not need any help, while at the same time recommending cuts that will negatively affect the up-and-coming small farm sector of our economy, one that is attracting our citizens, including many younger farmers, to revitalize the working landscape. I am not one of those young people, but I see them as integral to our future and I hope others in the House and Senate will agree.

If you wish to have a dialogue with me about this matter, or if you want to designate someone to speak with me, I will certainly be available to contribute what I can to the discussion.

Sincerely yours,

Peter Burmeister
Burelli Farm
(802) 224-9049
www.burellifarm.com

4. John Alexander

I have been pitching this idea for more than twenty years now; if we could have moved on it years ago we would be enjoying economic prosperity in Vermont as never before. The timing was much more suitable years ago, however it still has a place in our economy.

Vermont should introduce high end casino gambling to our ski areas. Our ski areas already have much of the infrastructure necessary to accommodate such a change and gambling would provide year round employment and a livable wage. Further, the lifestyles and activities associated with our ski areas are already substantially removed from ordinary Vermonter's existence. In return for this opportunity the casino operators would split the profits from the endeavor to pay for education spending. The ski areas would be in competition for the casino's and would be awarded every two years until such time as the state realizes the necessary revenue to no longer utilize property tax to pay for education from pre-school all the way through four years of college at one of our Vermont state colleges.

This is just a brief introduction of the concept. The plan has been used in many states with mixed results. A recent study by the gaming industry cautioned against such plans except when introduced as part of a business with other amenities and activities not solely reliant upon gaming. That, in a nut shell, speaks to Vermont's ski areas.

Vermont has to come to grips with the fact we are a tourist driven economy at present We already have legalized gambling although it targets those individuals least able to afford it and we realize very little financial benefit for our education fund.

The kicker in this plan is that if we can take the pressure off property taxes in paying for education spending, by way of gambling profits, we will see major economic development follow suit.

If I can be of further assistance please feel free to contact me at 802-265-4202.

John T. Alexander
Castleton, VT

Dear Speaker Smith,

My daughter went to university and did a clinical internship in her field in Canada, so our family became familiar with a relationship between education and employment there, which may have elements that are useful for stimulating the Vermont economy. As a Vermonter on Medicare, with advanced college degrees, and as a former Burlington director for the federal SCSEP program, I also see that it is possible for economic development to tap the resources of what Canada's Globe and Mail calls "the Silver Tsunami." I would be happy to discuss either of these options further.

Sincerely,
Lois Whitmore
Essex Junction

1. The NOC system (http://www.esdc.gc.ca/eng/jobs/lmi/noc/index.shtml) National Occupation Classification system "

The National Occupational Classification (NOC), provides a standardized language for describing the work performed by Canadians in the labour market. It gives statisticians, labour market analysts, career counselors, employers and individual job seekers a consistent way to collect data and describe and understand the nature of work.

The NOC is used for:

- defining and collecting statistics;
- managing information databases;
- analyzing labour market trends; and
- extracting practical career planning information.

The NOC is developed and updated in partnership with Statistics Canada according to 5-year Census cycles. It is based on extensive occupational research and consultations conducted across the country, reflecting the evolution of the Canadian labour market.

The Canadian job bank then lists jobs and as a job requirement will list educational certification which matches the classification category and description in the NOC. This means that the potential employee's competency is standardized and a fit with the opening. While it is very specific, for example, an early childcare worker will have to have a very specific training to be hired by a day care in the form of an early childhood certification, it means that someone who is a waitress cannot work with children without being trained in early childhood develpment, and first aid, for example.

That means that if there is a need for personal care attendants for working with the elderly, a program with professional standards will be set up to develop a workforce which will be trained and competent in that area. People with certification in an area therefore have a job opening in the area of their competency, and the government is assured of quality workers. It also means that potential employers will pay more and get better value for their trained workers, in terms of their skills, and a lower turnover because there is a better match that meets the needs of employer and employee.

I think it might be worth studying the NOC model especially to see how Vermont's non-professional jobs could be home grown. While there has been a big push to develop hi tech jobs, a combination of demographics, poor transportation, and an aging workforce suggest that professional hi tech jobs are only one element of a successful diversified economy.

Vermont's unemployed might be better served if there were job developments in these areas across the state. Since higher unemployment exists in less urban areas, where hi tech professionals are less likely to relocate, looking at the needs of communities, for health care workers,child care workers, early child education personnell, special needs caregivers, personal care attendants, service and repair people,. tradesmen. etc, a NOC type program with certification might maximize employment while minimizing transportation and housing issues for a rural workforce.

2. the problems and promise of the silver tsunami

For financial planning purposes, assume that being able to keep medicare beneficiaries employed will stabilize state revenues, and decrease the need for costlier state services by shortening the time when they might be needed. Do we have the data on how many economically self sufficient Medicare beneficiaries there are, what their income levels, occupations, and education levels are? **Economic development and training from the state of those who are not self sufficient might staff jobs which currently don't exist, but which could address other needs of older Vermonters to decrease the poverty figures found in the DAIL report, at best, and decrease the amount of time they spent in poverty, at least.**

Our current polarized use of language in healthcare policy makes it hard to address the needs of an aging workforce and aging population. While there may be a legal definition of the term "disabled," so far as eligibility for particular services is concerned, **there is little recognition of the fact that aging is frequently accompanied by physical challenges, many of which can be addressed through accommodations, rather than labels**, none of which are covered by Medicare.

For example, changes in glasses prescriptions years in duration leading up to cataract surgery, may affect driving(in particular, night driving,, especially to and from work in the winter) yet that compromised vision would not necessarily qualify a person for yearly glasses changes under Medicaid, the use of SSTA transportation, or prescriptions paid for by Voc Rehab.

Yet Medicare beneficiaries, and others, with that or similar issues, can not receive the accommodations which would allow them to remain in the workforce because there is no category that is funded for that level of need. This is one area in which the state's health care reform could make a significant contribution to a more robust Vermont economy through comparatively small health innovative investments in seniors and rising seniors.

According to the **dept of corrections** annual report, in 2013, there were 12% of the correctional population in the community between the ages of 50 and 59, and 4% over 50 out of a total of 8580. Of the incarcerated population, 11% were between 50 and 59 and 4% over 60 out of 2096. Another chart shows a steady rise in the number of inmates 50 years and older over the past 13 years.

While **Voc Rehab** covers many supports which would help older Vermonters, the spending emphasis has been predominantly on young people, and people with the most severe needs, which are the group least likely to make a significant impact on the Vermont economy in relation to the small amount of expenditures, since many will already have been a part of the workforce, and have already been educated.

Despite the item in the Dept of Labor's pages, there appears to be no statewide policy initiatives which actively state goals for keeping older adults in the workforce. The 32 slots in the federal program are still just 32 slots in a so called "training program" which not only doesn't pay a living wage, but interferes with eligibility by income for nutrition and housing programs which are based on income per month. Since months are of different lenghths, the variations in income are enough to take people off those supports, and it is a paperwork nightmare to fix, and causes clients to fall behind and be penalized for late payment because of the amount of time it takes to register those changes and reestablish eligibility.

Current retraining initiatives(course offered at CCV et al) require passing on entrance exams, and several semesters of remedial coursework, creating additional expense and increasing the amount of time someone isn't work ready. For example, math areas on the placement exam was not offered as part of a high school education for many who are current seniors. How to address this? Some kind of waiver? Or structuring a course differently? Where are the soft skills needed to get and keep a job, particularly different from previous jobs, taught? Is this something that employers can do? Or have done on the worksite?

What is the possibility of developing a new paradigm on public health policy which recognizes and integrates the aging adult work force into its long range economic planning . (European Union, Australia, and others also doing this because of an aging workforce, why not us? http://ec.europa.eu/social/keyDocuments.jsp?type=0&policyArea=0&subCategory=0&country=0&year=0&advSearchKey=lifelongapproachwork&mode=advancedSubmit&langId=en&cookies=disabled http://wwda.org.au/issues/agecon/agecon1995/congress/

- Can we create a chart that identifies all departments and services which Vermonters 55 and older receive, with the number of Vermonters in each category: for example, how many with oral heatlh issues(there was a bischa comprehensive report which listed whether people had dental problems, were employed, what the incomes were by county…. Is something like that still around and being updated?
- How many over 55 who have a criminal records have found stable income and at what level, and for how long. What happens when they are medicare and social security eligible?
- How many are repeat offenders because their health problems combined with education issues and a criminal record made them unemployable and dependent on vt and us social services
- How many vters using the federal health and dental centers are unemployed or underemployed after 50? After 45? Why?
- How many vermonter's social security check is less than the living wage- and how many of these are dual eligible
- what is the age distribution of dual eligible , and how does the state project their share of Medicaid for these

- Can the state create a bond/trust rainy day fund for supporting healthy seniors(dental, eyecare, durable medical equipment, not covered by medicare or reduction in coverage or changes in ages of eligibility, Medicaid overruns for dual eligible, long term care, caregiver education, workplace supports for late onset disabled employed seniors to enable them to remain in the workforce, transferrable skills, social skills, technology skills training for senior jobseekers,eg.
- Can the state address the needs of younger medicare beneficiaries differently than the oldest beneficiaries.
- Data needed: how many Vermonters over age 45 -62 who are economically marginal, have unmet mental health, physical health, substance abuse issues, criminal records, disabilities both congenital and acquired(each category for each age) , chronic diseases which are manageable with supports such as diabetes, severe arthritis, hearing and vision issues eg all of which are impediments to getting a job that pays a living wage.
- How many of those were educated and employed at the time of disability
- How many of the employed disabled are underemployed or unemployed despite their education but would work if possible
- How many of the unemployed would be able to find work if their vision or dental issues were addressed
- How many of the unemployed (such as autistic adults, or adults with a criminal record) would be able to find work if they had ad hoc assistance.(how to look for work, how to fill out applications, knowledge of employer expectations, social skills training, financial literacy training, stable housing and food, mentors.
- How many of the unemployed in the above categories could be employed if there were changes in employers' hiring attitudes and workplace peer onsite education re discrimination. What can the state do to address this.
- Can the state develop training programs from this older job pools that would expand the work of SASH in congregate housing to those people living on their own or with families(medical screening, discharge planning supports—follow up phone calls-referrals for telehealth monitoring and supplement the income of this group in their own community by working from home via smart phone or computer?
- Can the state provide incentives for businesses which will train jobsharers for part time work for older people, or to use telecommuting to work, or provide transportation to and from a jobsite?
- If the state were to meet these needs, would it change the amount of money the state would need to spend on medical care and other services for seniors during the first years they are medicare beneficiaries and eligible for social security
- Would the cost of reemploying many medicare beneficiaries to the state be offset by less expenditures for more years longer *and increased tax revenues? Can this be modeled and alternative scenarios and outcomes predicted?*

Section Index for Title 32, Chapter 7

§ 434. Investment of certain funds

(a)(1) A "trust investment account" is hereby created to maximize the earnings of individual funds by associating them together for common investment.

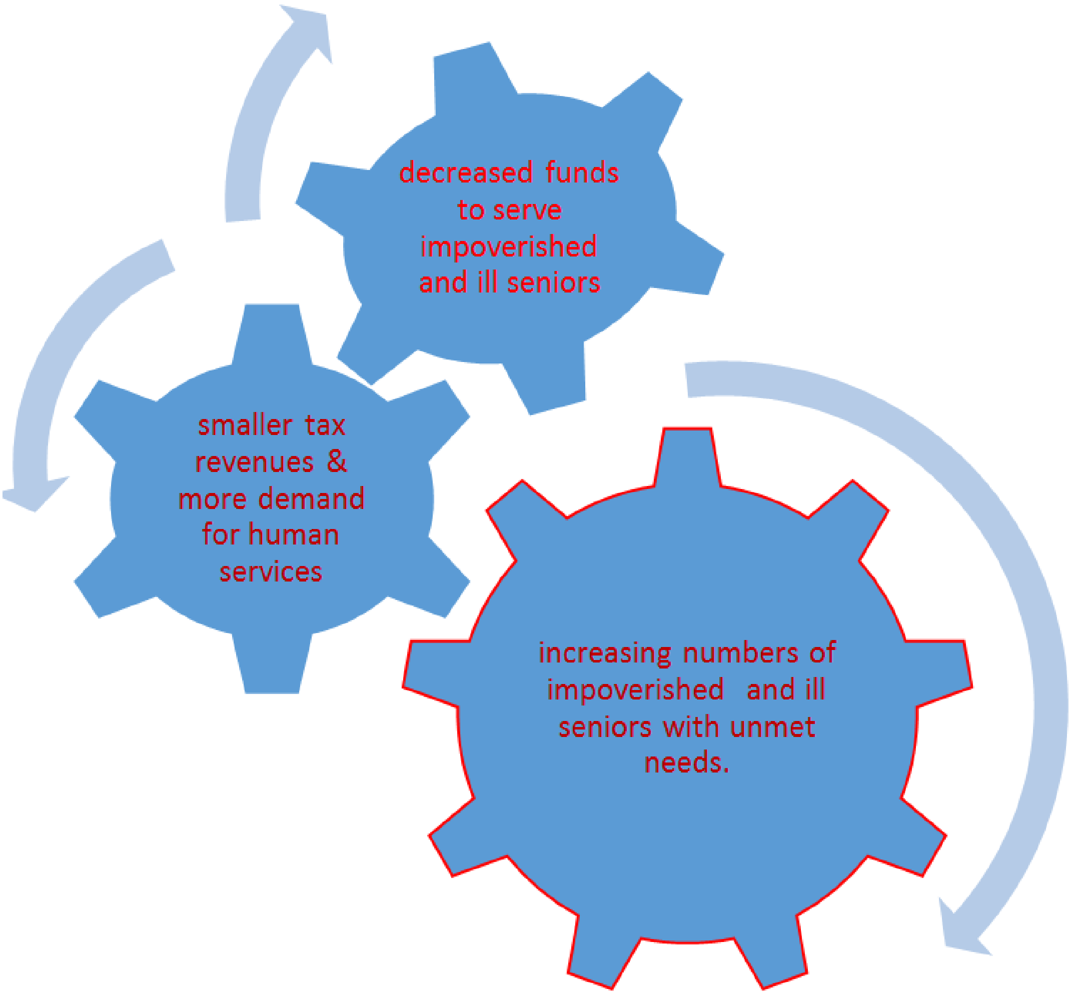
(2) The trust investment account may include:

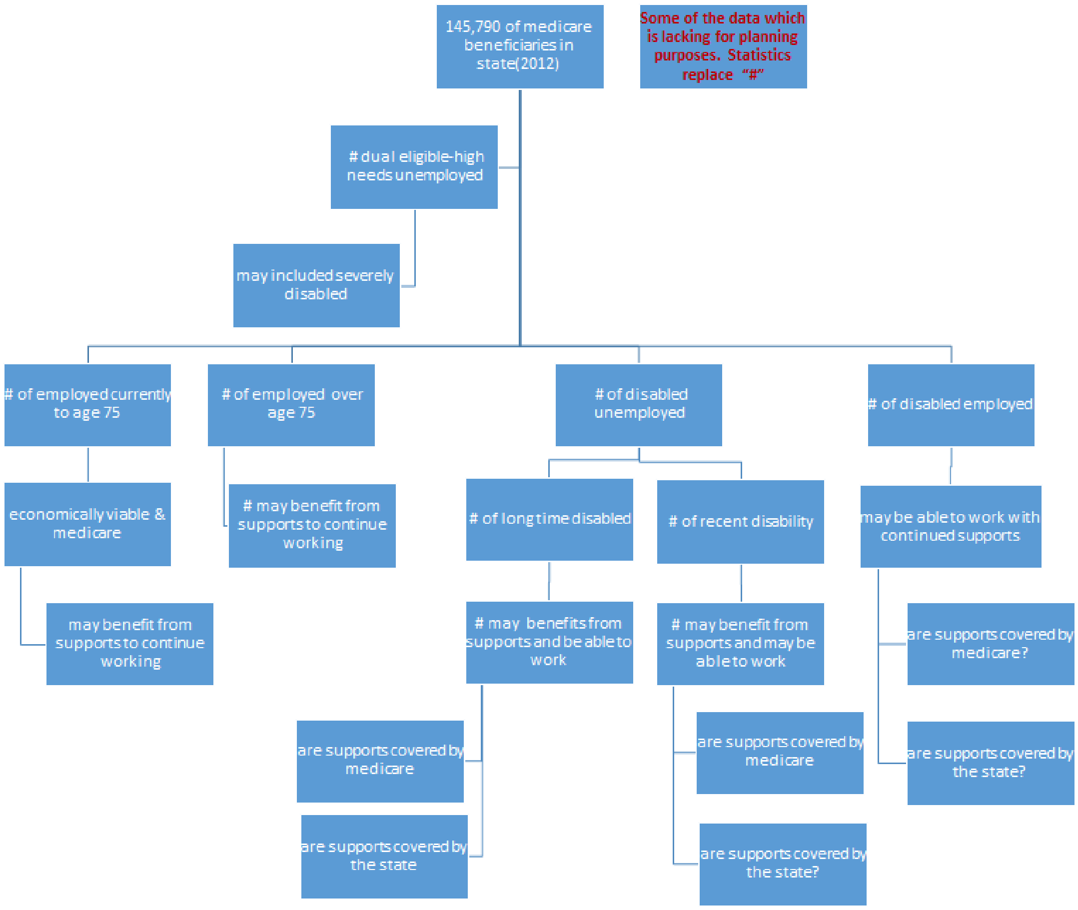
(A) the whole or any part of individual trust funds resulting from court settlements, private bequests, grants, or other awards accepted in accordance with section 5 of this title, provided the terms thereof do not require a separate investment.

(B) the whole or any part of the funds created by express enactment of the general assembly to finance particular or restricted programs that provide that only investment earnings of the fund shall be used for program purposes, including but not limited to, the Vermont higher education endowment trust fund established pursuant to section 2885 of Title 16.

(C) any other funds which the state treasurer identifies, in consultation with the secretary of administration, as appropriate for inclusion in the account.

Capital debt affordability committee—doug hoffer….person to ask re bond for human infrastructure investment.


decreased funds to serve impoverished and ill seniors
smaller tax revenues & more demand for human services
increasing numbers of impoverished and ill seniors with unmet needs.


145,790 of medicare beneficiaries in state(2012)
Some of the data which is lacking for planning purposes. Statistics replace "#"
dual eligible-high needs unemployed
may included severely disabled
# of employed currently to age 75
# of employed over age 75
# of disabled unemployed
# of disabled employed
economically viable & medicare
may benefit from supports to continue working
of long time disabled
# of recent disability
may be able to work with continued supports
may benefit from supports to continue working
may benefits from supports and be able to work
may benefit from supports and may be able to work
are supports covered by medicare?
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are supports covered by medicare
are supports covered by the state?
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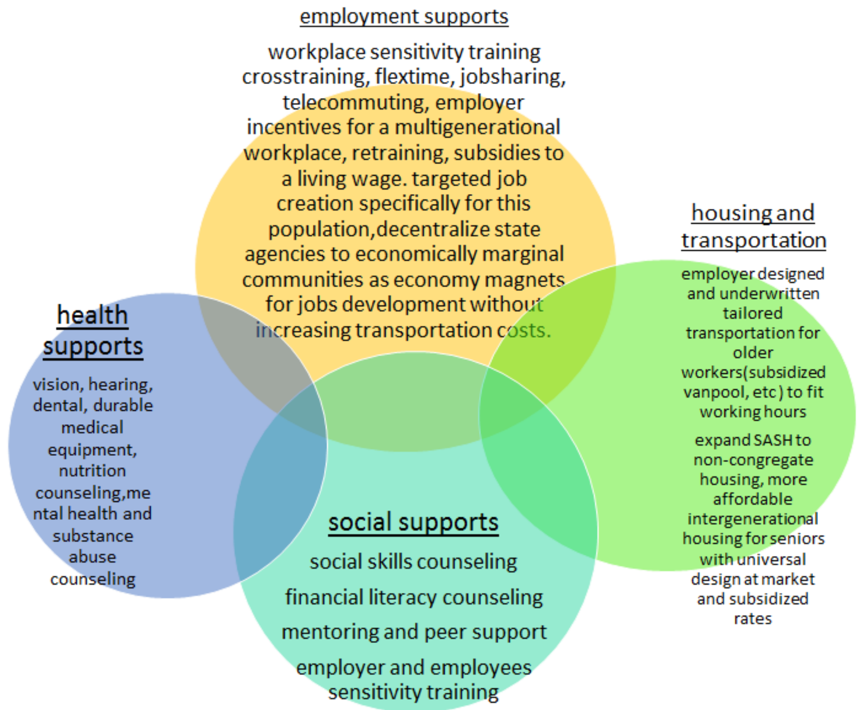
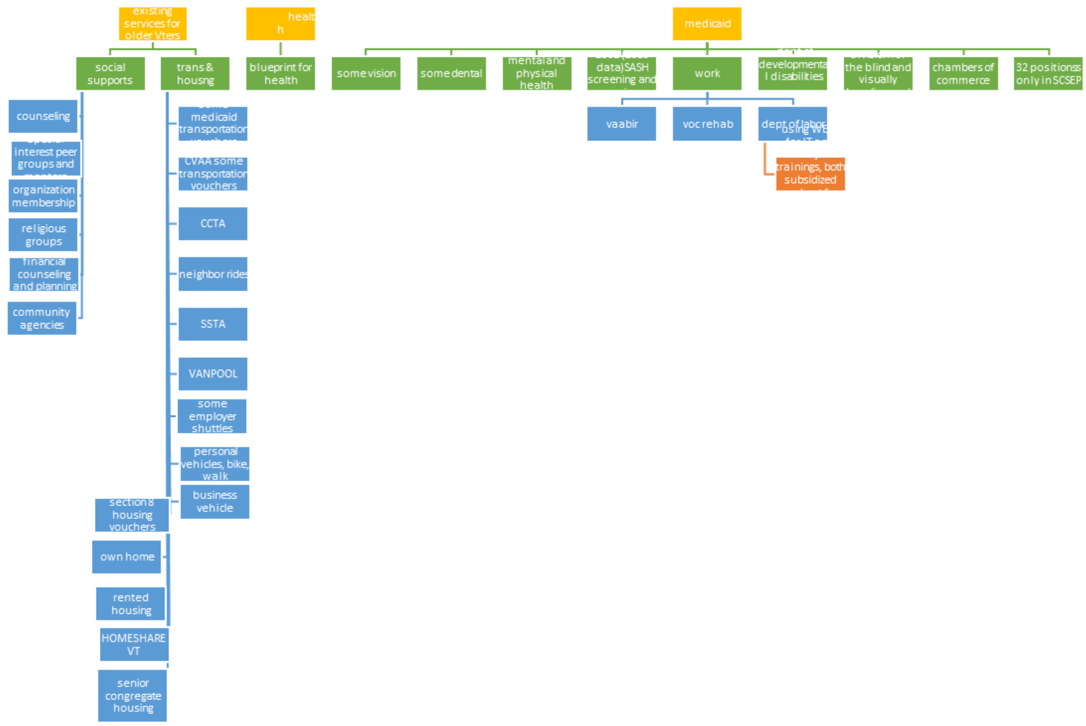
are supports covered by the state?



What the state of Vermont can do for Medicare Beneficiaries which will result in a healthier economy for the state and a better quality of life for older Vermonters


existing services for older Vters
health
medicaid
social supports
trans & housng
blueprint for health
some vision
some dental
mental and physical health
data)SASH screening and
work
developmental disabilities
the blind and visually
chambers of commerce
32 positionss only in SCSEP
counseling
interest peer groups and
organization membership
religious groups
financial counseling and planning
community agencies
medicaid transportation
CVAA some transportation vouchers
CCTA
neighbor rides
SSTA
VANPOOL
some employer shuttles
personal vehicles, bike, walk
business vehicle
section 8 housing vouchers
own home
rented housing
HOMESHARE VT
senior congregate housing
vaabir
voc rehab
dept of labor
trainings, both subsidized

I am concerned that the SOV does not have enough people who are employed and the makes it too easy to not work. Please understand I support compassion in certain cases of hardship. However the welfare criteria need to be re-evaluated. The system is being abused. Able bodied people should contribute to the economy by working.

Sent from my iPhone

Below is show how Vermont's economy is being led into the wrong direction.

1) Shumlin seeks a 0.7% payroll tax to raise $82.8 million to bring Medicaid payments from 60% actuarial value (silver level, per ACA) to 80% AV (gold level, per ACA), the same as Medicare, so doctors and hospitals, the providers, have less reason to ration care, turn away patients, complain about being underpaid, and shift costs to the bills of other patients.

NOTE: 90% AV is platinum level. State and local employees usually have 90% ++ AV coverage. To offer that to all Vermonters, as Single-Payer attempted to do, would bankrupt Vermont.

If a 2-earner household PAYROLL income totals $100,000, 0.7% of that would be $700/year. Vermont's MEAN nominal family income was about $67,000 in 2013, for the US it was $64,030. Vermont's COL index is about 120, the US = 100. Vermont's family income would need to be significantly higher to be equal to the US family income. The 0.7% payroll tax, taken out of your pay similar to FICA taxes, is just for starters, as more and more people will be enrolled in Medicaid!

http://www.deptofnumbers.com/income/us/#household

The federal government would provide $89 million of matching Medicaid funds. In the first year, the $82.8 million in new taxes + $89 million in federal match = $171.8 million would go into the Healthcare Resources Fund. In subsequent years, it likely will be much more. About $100 million for Medicaid and $50 million for Medicare were cost-shifted in 2012. Those higher bills usually are paid for by insurance companies, which raise their premiums to recover their higher costs.

The ACA expanded Medicaid eligibility to higher income levels, covered 181,000 Vermonters, about 20,000 more than before ACA. About $50 million will be used to pay more to providers of Medicaid services and about $60 million will be used to pay for expanded Medicaid rolls, a total of $110 million of increased Medicaid payments for the first year. About $55 million will be used to:

- Increase payments to providers who participate in Vermont's Blue Print for Health.

- Increase subsidies for out of pocket costs on the exchange.

- Increase the budget of the Green Mountain Care Board.

- Support Vermont's pursuit of an All-Payer federal waiver.

It is not clear by how much the above measures will reduce the $150 million of 2012 cost shifting (higher in subsequent years). As cost shifting is a very small percentage of total premiums paid by Vermonters not on Medicare and Medicaid, there could be only a very minor reduction of their insurance premiums.

2) IN ADDITION to the above payroll tax, Shumlin also proposed to eliminate a "tax loophole" by ending the deductibility of state and local taxes from VERMONT taxable income. The closing of the "loophole" is aimed directly at increasing the income taxes of higher income households.

Currently, your FEDERAL taxable income is used as the base for calculating state income taxes; this FEDERAL base is reduced by your state income taxes and your local real estate taxes, if you itemize, as do about 1/3 of Vermont income tax return filers.

Shumlin wants to end the deductibility of these two taxes from your VERMONT taxable income; he calls it "closing a loophole".

This means the BASE on which your state income tax is calculated will be higher and you will have to pay more state income taxes. For many households, that pay $6000 as real estate taxes and $6000 as income taxes, it will be at least $1,000, or more in state income taxes.

"The closed loophole will raise $15.5 million per year/89,000 itemizers, or about $175 per year", says Jim Reardon, Commissioner of the Department of Finance and Management".

Jim Reardon's sugar-coated "average of $175 per year per itemizer" is true, but does not represent the real picture for tens of thousands of filers, including almost all legislators.

3) Shumlin also called for more renewable energy. Vermont's 90% RE goal by 2050 would require:

- About 90% of all cars, SUVs, minivans and 1/4-ton pick-ups to be all electric or hybrids using electricity and 100% bio-fuels. No more 90% gasoline/10% ethanol mix, or diesel, etc., at the pump. That implies the US will be producing about 10 million/yr of such vehicles by 2050.

- Major EE upgrades of almost all residential and other buildings to enable heating and cooling with electric heat pumps and bio-fuels, such as wood, wood pellets, etc. No more fuel oil, propane, gas, coal, etc., for building heating and cooling.

- Vermont's annual ELECTRICAL consumption to increase by about a factor of 3, from about 5,600 GWh to 16,800 GWh, about 90% of it from RE.

By the end of 2013, Vermont had achieved 4.86% x 5,600 GWh = 272 GWh of RE by investing about $538 million over 3.5 years. Vermont would have only 3 x 5600 x 90% – 272 = 14,848 GWh to go to achieve 90% RE by 2050, most of it Vermont-generated solar in meadows and wind on ridgelines, or RE imported from elsewhere.

NOTE: There are other Vermont-generated RE sources, such as biomass, but they are expected to be minor.

Here is how the SPEED program, 2.2 MW or less, has performed these past 4.5 years.

Vermont has been replacing the near-CO2-free, low-cost (4 - 5c/kWh) energy of Vermont Yankee with expensive, variable, grid-disturbing SPEED energy. By any defiition that is an economic headwind.

That energy is getting more and more expensive. See below table. But Vermont wants to be an RE leader, just like Germany. However, Germany is a very rich, industrial powerhouse and Vermont is mostly poor.

Increased energy efficiency would be a much wiser choice for Vermont, as it would actually REDUCE the energy bills of already-struggling households and near-zero profit businesses. Unfortunately, Vermont's political leadership is in RE subsidy-chasing mode.

Here are the production results for the SPEED Program, 2.2 MW or less:

Year..........Production............Paid to Owners..........$/kWh.........% VT Use

Units............kWh............................$

2010...........5,980,779................829,832.88............0.1387............0.11

2011..........20,172,973............3,329,269.05............0.1650............0.36

2012..........29,666,592............5,093,237.71............0.1717............0.53

2013..........44,820,516............8,692,440.70............0.1939............0.81

2014..........62,865,075..........13,190,927.86............0.2098............1.13; after 4.5 years of build-outs!

http://vermontspeed.com/speed-monthly-production/

http://vermontspeed.squarespace.com/project-status/

Excess payments during the past 5 years. based on New England average wholesale prices of about $0.054/kWh

..................Excess Payments..........Cent/kWh increase of electric bills

2010.................$506,871.................0.01

2011..............$2,239,929.................0.04

2012..............$3,491,242.................0.06

2013..............$6,272,133..................0.11

2014..............$9,796,214.................0.18; rapidly increasing, as is the budget of Efficiency Vermont!

http://theenergycollective.com/willem-post/332911/high-renewable-energy-costs-damage-vermonts-economy

http://theenergycollective.com/willem-post/2146376/renewable-energy-less-effective-energy-efficiency

http://theenergycollective.com/willem-post/2162036/comparison-grid-connected-and-grid-houses

The above “Paid to Owners” column shows the amount paid mostly to the risk-free tax shelters of in-state and out-of-state multi-millionaires, who own the larger PV solar systems. In the future, these "Paid-to-Owner" amounts will be INCREASING by at least $5 million per year, as the table shows, courtesy of the PSB, et al. Those owners get compensated at an average of about 27 c/kWh for existing solar projects. This is coddling the seriously rich, at everyone else's expense, using the lame excuse of “fighting global warning”!

The “Excess Payments” were rolled into the electric rates of already-struggling households and businesses. These payments would have increased to about $62.5 million by 2017 had VT’s unrealistic SPEED goals been achieved. The main reason for the rapid increase is the PV solar feed-in tariff is an excessively high 25.7 c/kWh. The tariff is set by the PSB, based on a dubious rationale called “avoided cost-based prices”, but the On-Peak wholesale price, at which Utilities buy some of their energy, hardly ever exceeds 8 c/kWh!

The politically well-connected, multi-millionaires, with lucrative, no-risk, tax shelters, are benefitting the most from tax credits, fast write-offs, production tax credits and overly generous feed-in tariffs, to build solar plants (destroying meadows) and under-performing wind plants (destroying ridge lines) that produce variable, intermittent, grid-disturbing energy at 3-5 times New England wholesale prices; a sure way to further DECREASE the competitiveness of an already near-stagnant Vermont economy. Vermont's government is coddling those wealthy multi-millionaires with RE programs that excessively waste scarce taxpayer money and do nothing to reduce global warming.

4) Here are the REAL (inflation-adjusted) household income DECLINES of US households:

Quintile...........Peak Year.........Peak Income.........2013 Income.........Decline

1st ....2006..................$194,296..............$185,206............- 4.7%

2nd....................2007....................$88,880................$83,519........... - 6.0%

3rd....................2000.....................$57,129................$52,322........... - 8.4%

4th....................2000.....................$34,306................$30,509......... - 11.1%

5th....................1999.....................$13,861................$11,651......... - 15.9%

http://www.advisorperspectives.com/dshort/updates/Household-Income-Distribution.php

In Vermont, the sum of local and state tax burdens, plus government fees increases, plus quasi-government surcharges (such as for Efficiency Vermont, which was given an 8% budget increase for 2014) is increasing (as a percent of total household incomes) while the real household incomes of 60% of lower income households have been decreasing in a near-stagnant economy for the past 14 years. That is called hollowing-out the middle class.

Dear Shap,

Thank you for asking. Right now I feel that the biggest bang for the buck would be to raise the minimum wage significantly. I see many progressive companies that are already invested in their employees. Alas there are many who take the position that raising the amount that they pay employees is not necessary. I can say that after living my 68 years in Vermont that most of the truly wealthy business people are not responsible for raising the standard of living or pursuing economic development for the general good. Meaningful jobs provide focus for the poor and middle class. Most Vermont small companies are started through innovation and having the flexibility to react to opportunity in a changing environment.

Creating more wealth for the wealthy will not lift all ships. Creating a hopeful poor and an innovative middle class will. Poverty is extremely expensive to support and is unsustainable for any society.

I hope this is clear without becoming a rant. Thanks for all of your good work.

Davis Koier, Morrisville

Dear Mr. Smith,

In my humble opinion, the single most important thing that could be done in Vermont to increase our economic viability would be to ensure true broadband internet access to the entire state. By this I do ***not*** mean the wireless solution currently in the works. I think the state should support in any way possible the development of community owned fiber-to-the-home broadband services such as ECFiber (ref http://digital.vpr.net/post/local-network-responds-obamas-community-broadband-proposals).

Having this infrastructure in place would not only open the doors for modern business, who rely on these services, to relocate to Vermont, but would also allow telecommuting for people living in state to work for employers outside the state. This keeps people living in the state (with associated local economy, income, and property tax revenue) while at the same time limiting large scale development.

The US in general, and Vermont in particular, is so way behind the curve on this, and I would love to see us become more of a pioneer as we have been in so many other ways.

Thank you for your time,

Stuart Edson

PS For the record I am the appointed delegate to the ECFiber governing board from the town of Brookfield

Good morning Jim;

Thank you very much for your email. I am copying Speaker Smith as the article I read asks to respond to him. But I am happy to receive any and all suggestions as well.

I will read you proposal and share with Secretary Chuck Ross and his team.

Just to be clear, the Governor is calling for suspension of current use for those farmers that break water quality laws, not all farmers.

Yes farms are part of needs to change to make an impact on water quality in Lake Champlain. Governor Shumlin's proposal calls for additional technical assistance for farms from the Agency of Agriculture and the Agency of Natural Resources.

Again, thank you for your email. I very much appreciate your thoughtful response to the Speakers request.

All the best,
Pat

Patricia Moulton, Secretary
Agency of Commerce and Community Development
802-451-9578
Sent from my iPad, please excuse the typos!

On Jan 21, 2015, at 7:40 AM, James H. Maroney, Jr. <maroney.james@gmail.com> wrote:

Dear Pat: I read this morning on vtdigger that Shap Smith is asking for ideas “that foster sustainable, good paying jobs that reward employers and workers alike.” He suggests that such ideas be sent to you.

The agricultural economy has been under constant pressure from market forces we have failed for two generations to understand. The pressure this year seems to be worse than ever: federal milk markets are plunging and the legislature is pressuring farmers to control pollution running into Lake Champlain. The governor and others are calling for a suspension of Current Use benefits on farms. The cost of production is going to rise along with pollution in the lake and another hundred dairy farms will close this year.

Barack Obama said last night that “if what you’ve been doing for fifty years isn’t working it’s time for something new.” Vermont wants a clean lake and a healthy farming industry. But we cannot have both because Vermont’ policies for supporting its farmers and cleaning up the lake are antithetical. The answer to how to tackle these two problems is that we must change the way we farm. Not a little bit here and a little bit there: we need a paradigm shift. How we accomplish this is described in the paper attached.

James H. Maroney, Jr.
1033 Bullock Road

Leicester, VT 05733
Cell: (802) 236-7431

The Remedy'

As we have seen, the majority of Vermont dairy farmers operate in a system that, by official government policy, is stacked against them. We have also seen that the goal of the VMC, convened to 'help' by assuring farmers an "equitable rate of return" and consumers a "supply of milk at reasonable prices," are contradictory and unachievable—if, that is, one wants to accomplish both at once while preserving the conventional, farm paradigm.

But the interests of both farmers and consumers *could* be simultaneously served if the VMC were to view the problem from different perspectives and provide solutions suitable to each:

- The conventional one for consumers
- A new one for farmers

We, in the U.S., have the duty, inasmuch as we are able, to try through our congressional delegation, to affect policy. But, from Vermont, changing U.S. farm and/or energy policy is virtually beyond our parochial competency. Altering our own little farm economy, on the other hand, while still imposing, is possibly within our reach.

Separate in your mind the world's, and even the country's, food problem from the farm problem we have here in Vermont. Our largest dairy farms are, of course, part of the vast federal food system: they will undoubtedly stay that way and there is nothing we can, or should, do about them.

The problem I ask you to address is how to restore to profitability 900 small and middle-sized, *Vermont* farms, the majority, without raising the price of milk, and how to protect the contribution hundreds of *Vermont* farmers could make to the social and rural fabric of this once-predominantly, agricultural state. It is about how to change conditions *here* so that as members of our middle class, hundreds more than just the largest fifteen or twenty Vermont farmers will again be in a position to earn net profits from dairying, purchase feed, supplies and equipment *here* at their local dealerships, call and pay for veterinarian and other services and make a taxable contribution to *Vermont's* economy.

Keep in mind that not all farms are the same, that some will make profits while others cannot. Keep in mind that Vermont does not need to produce more commodity milk; milk made here is identical to milk made in surplus on farms in neighboring states. Keep in mind that no matter what we do here in Vermont, commodity milk will continue to be both cheap and plentiful for the foreseeable future.

The VMC heard testimony from Milk Commissioners from New Jersey, Maine and New York and has recommended that farmers here might be given a modest, over-order premium if neighboring states enact similar legislation first. But it is not, to put it bluntly, the Vermont taxpayer's concern to provide a living wage to dairy farmers from other states. It is not either about preserving Vermont's present level of milk production. The VMC's two, incompatible goals are achievable but first, they must be de-coupled so as to:

1. Allow conventional farmers from other states to supply Vermont consumers with a continuous supply of inexpensive, commodity milk at reasonable prices
2. Divert Vermont farmers to the production of expensive, organic milk made for export

To do this, the VMC must recognize that:

1. The urban market for expensive, organic milk is not identical with the market for inexpensive, commodity milk
2. The production of Vermont organic milk is not synonymous with the production of a basic food

Secretary of Agriculture Butz's assertion that 50 million people would starve if farmers were to go back to organic agriculture implies that people would starve if *all* farmers went organic, or that small and mid-sized Vermont farmers are not distinct from large farmers here and elsewhere, or that they could not adjust their operations to serve a particular clientele. He accepts that, like all the rest, Vermont farmers, large and small, must make commodity milk. In 1972, this may well have been so.

But it is no longer so: organic milk is successfully differentiated from commodity milk. Vermont farmers have a unique opportunity to get out of a system that is hostile to their interests. But they will need help and they must get it without delay. They have, alas, but a crumbling infrastructure ravaged by decades of financial losses, the consequence of staying too long in the conventional paradigm. But 85% of them do still have land and infrastructure just barely adequate to make another product besides commodity milk: organic milk. This opportunity is not new; why don't they convert?

The answer is complicated; the word "organic" conveys to some farmers an effeminate cosmopolitanism, an unwelcome assault upon the conventional yeoman's virility. Although *agricola*, the Latin word for farmer, is feminine, and there are certainly women farmers, the majority of farmers today is, and until the 1970s had seemingly always been, men.

Equipment and farm supply advertisers have noted this fact and gone to considerable trouble and expense to link the farmers' subliminal, masculine values to big yields, big tractors, big farms and big debt—the products they are selling—which are incompatible with organic farming. Or, it may be that conversion requires capital, or struggling with a frightening, new, learning curve. Dairy farmers are also, by custom, not in touch directly with their customers, from whom the owners of most businesses learn to make adjustments. The word "conventional" implies a reluctance to change: it may be any combination of these.

Traditional dairy farmers, for reasons there is no space here to address, resist the notion of farming organically, in spite of the now-proven success of the word's allure to urban consumers and in spite of its demonstrated payback to farmers. Perversely, those who oppose organic methods and support conventional practices place themselves in the awkward position of defending low farm prices, which is what conventional farming returns. Why do that? Today, organic dairy farmers—up to 200 now from 3 in 1989—represent 20% of dairy farms in Vermont. They do not all make money farming organically, but—obviously—they are converting for a reason. Could the reason be that they are getting (with quality premiums) $31-34/cwt instead of $17-19/cwt?

To be sure, what we now know as "conventional" farming practices have taken a strong foothold, and "wealth is wheat in the bin" is, for farmers everywhere, both a true and potent adage. The conversion from conventional to organic, which requires an acceptance of static, or even reduced, annual yields, a three-year period of "cleansing" for animals and land, some handwork, pasturing and other techniques lost, since grandfather was in the barn, will necessitate a radical adjustment in facility, methodology and attitude. During and after transition, converts may use no antibiotics or hormones and they must graze their small herds, in season, on grass pasture. The majority grows no corn, feeds dry hay with little or no grain and typically milks cows in stanchions. These methods, all perfectly standard operating procedure on all Vermont dairy farms prior to 1950 are, after a period of adjustment that will be wrenching for some, duplicable in most small to medium-sized operations.

Organic will be resisted by those farmers with deeply ingrained and understandable fears of backing off on higher herd averages, greater corn acreage and steady production gains per fixed unit of input, all of the goals they have fought so hard to achieve in order to remain competitive. Yet, continuing resistance, in the face of $34/cwt, is hard to rationalize. And we could spend years contesting the large farm/small farm thing and do nothing about $17/cwt milk payments for Vermont's 900 small to medium-sized conventional, dairy farmers.

This, however, is incontestable: if they will but transition to organic, Vermont dairy farmers could have what amounts to a monopoly on the state's brand name.

We all know that the market for Maine lobsters is wider and richer out-of-state than in, just as in Florida the greater, richer market for oranges is realized by adding value and exporting. In Idaho, this is true for potatoes; in Maryland it is true for crabs; in Botswana it is diamonds and in Friedrichshafen, Germany it is Zeppelins. Vermont milk, by comparison, is almost entirely (95%) shipped, in raw form, out of state where others add value, brand it, and reap profits. At present, the words "organic milk" are linked to no particular region or state: the phrase is available.

If the Vermont Milk Commission had wanted to fix the farm problem here, they might have ventured to assist our farmers to:

1. Convert to organic production
2. Organize under a Vermont Organic coop that owns a *brand*
3. Raise capital
4. Build infrastructure and distribution
5. Offer affluent, east coast consumers a line of dairy products that will forever link in their minds the word "Vermont" to the words "Organic Milk."

If the farmers were to add to those words the phrase "Fair Trade," the product would speak clearly and loudly to urban consumers—the most prosperous demographic in the world lives within a 300-500 mile radius of Vermont—all familiar with, and eager to buy, products thus described and thus supplied. And, because farmers in New York, New Hampshire, Pennsylvania, Maine, California, Texas, Florida or Wisconsin cannot make *Vermont* Certified Organic Fair Trade Milk, the product can come from nowhere else. If 900 of Vermont's dairy farmers will but take it—and if our chronically, ossified Agency of Agriculture would reorganize itself and lead them to it—a share of the market for organic milk is theirs to claim and theirs to exploit.

Such a venture needs capital: how to raise it?

The answer is not—not, *not, not—to* invite investment from the conventional processors, be they "farmer-owned" coops or privately held handlers. Class I buyers pay only slightly more than the cost of production for 41% of the milk Vermont farmers ship and Class II, III and IV buyers pay well below the farmers' cost of production for the other 59%. Farmers do not need any more of these kinds of partners; and the market does not need more commodity milk products, made in Vermont or elsewhere.

Modern dairy food manufacturing, as we have seen, is a huge industry and the barriers to entry are incredibly formidable. Profit margins are so thin that huge volumes and $2^{4}/_{7}$ work schedules are the norm. New entrants must have access to staggering amounts of capital to buy equipment, to pay fixed costs and guarantee free cash flow from operations. Beyond that, distribution routes and retail grocery slotting fees are so competitive that new, smaller brands are discouraged from entering the fray. If and when they do (Organic Cow, Vermont Family Farms, etc.), the big boys quickly crush them.

Truth be told, it is late in the game: Horizon, Organic Valley and Stonyfield have effectively garnered all available organic milk supplies and these companies enjoy first-mover status among consumers looking into the dairy cases all around the country. Yet, exclusively Vermont-sourced, fluid milk and milk products, conventional or organic, make no major appearance in the urban markets.[2]

Notwithstanding this vacuum, Vermont-made milk enjoys two very important properties, largely untapped, that would boost the chances for a new entry:

I. The state's very marketable name, which to milk consumers, already means fresh, green and organic.
2. The state's proximity to markets in Connecticut, Boston and New York.

The "Farm Problem," in summation, has arisen because Vermont dairy farmers make a commodity product for which there is insufficient demand, and to which, because it is so plentiful and cheap, others, for their own private gain, add value. To thrive, Vermont farmers must, instead, produce a value-added, retail product of their own that will grow just below demand, which prospers because it enjoys a *Durable Competitive Advantage.*

There are only three ways for any business to gain a Durable, Competitive Advantage:

Price Leader (lowest cost)
Shortest Time/distance to Market
Control a valuable resource

Vermont dairy farmers, who presently have none of these, could have all three. Competitively produced, in an era when the cost of fuel makes long-distance shipping prohibitive, Vermont Certified Organic Fair Trade Milk can be exported to the nearby New York, Connecticut and Boston groceries, where up-scale, urban consumers gladly pay $9-13/gal, of which Vermont dairy farmers will get roughly $2.70.[3]

Keep in mind that organic milk is not a necessary staple food product, nor will everyone buy it. Keep also in mind it is unimportant that a majority of Vermont consumers will not support Vermont organic milk. Ordinary, commodity milk and Vermont Certified Organic Fair Trade

2 The one exception is Cabot cheese.

Milk are both milk (even identical)[4]. But to the retailer and the consumer, they

3 On a trip to my local Middlebury supermarket, I identified in the case not fewer than fifteen SKUs for fluid milk, whole, skim, 1%, 2%, organic, coop, etc., ranging in price from $3/gal to $7/gal. In April 2008, on a fact-finding trip to upscale stores in New York--Whole Foods, Dean & DeLuca and Zabars—customers are paying prices ranging from $9/gal to $13/gal for organic milk.

4 Some consumers are motivated to buy organic milk as a health issue, because they fear that ordinary, commodity milk contains antibiotics, growth hormones or pesticide residues. BGH, also known as rBST, is a synthetic hormone injected into cows to stimulate milk production. But it is so thoroughly metabolized in the cow's rumen that a dedicated team of biochemists could not find traces of it in the milk of cows treated

are very, distinctly different, stock keeping units (SKUs), with their own associative values, costs and price points. Consumers are not divided into just one or two classes; they can be divided, depending upon where you find them, into an impressive array of preferences, tolerances and capabilities.

For example, the Vermont Milk Commission recently heard an interesting report from the manager of City Market on how they created a market for "Coop Milk." Vermonters, he said, reported in a survey that they would pay a modest premium in exchange for (in this order):

1. Pure, fresh and clean milk
2. From local, family farms
3. Made without rBST
4. Organic

The City Market asked Monument Farms of Middlebury to partner with them to create a new SKU to be branded Coop Milk, which would meet the first three requirements on the list.

Coop Milk is a success because it is ideal for the market segment into which it is sold. It provides the Vermont coop consumer—who is, generally speaking, willing to help farmers yet value-conscious—the barest minimum of quality assurance. It provides the producer a slim premium over what he is paid to produce commodity milk.

Keep in mind that the idea for Coop Milk was driven by a concern not for Vermont dairy farmers but for City Market consumers. As such, retail price was a major factor, and only some, but by no means all, City Market consumers will pay the modest, extra price. But Vermont coop consumers are not identical to up-scale milk consumers, who shop in relatively small, up-scale urban markets. Vermont dairy farmers as a class make much, much more milk than can be sold in Vermont's little coops. Consequently, more Coop Milk would quickly surpass local demand and drive the price back down.

Vermont Certified Organic Fair Trade Milk, on the other hand, requires the farmer to make a commitment to a rigorous standard, which in most cases involves major financial and cultural adjustments. Precisely because organic farming repudiates production-oriented technologies—the root cause of high yields and lower prices—and because the demand for

the hormone. Antibiotics, on the other hand, do pass through the cow into the milk; but farmers are obligated to withhold milk from treated cows until, after four or five days, the cow passes it out, at which time, her milk is allowed into the bulk tank. All milk coops and handlers are required to screen milk at every pickup for trace amounts of antibiotics, which by Federal law, are not allowed in the milk. Petroleum-based herbicides and pesticides are highly effective, labor saving technologies. But they are virulent toxic substances and ideally, they have no place in the food chain. Obviously, since they are applied to the fields where crops are grown, there is concern they will leach into the water or migrate into the food system. This may be so. But my objection to them is that they enhance production for those who use them and lower prices for all farmers, whether they use them or not.

milk is inelastic—demand is relatively constant in the face of ordinary supply volatility—organic milk farmers cannot overproduce their market. Adherence to the organic standards lowers milk production 10-15%, and it is received wisdom that a drop in milk production of just 10% would double the farm price. Consumers would, in other words, pay more for milk were they offered no cheaper alternative. There is justification, therefore, for all Vermont dairy farmers who wish to make more income to make less milk and to make it organically.

To capture this opportunity there are three steps that call for an organization with authority similar to what the state invested in the VMC to:

1. Offer our farmers financial and technical support for the transition to organic
2. Organize a Vermont Fair Trade, Organic Milk Coop that promises them:

   - A real voice in management
   - A decent, middle-class existence
   - A sound economic future in retirement

It is imperative to understand that even if 700 of Vermont's remaining conventional dairy farmers turn to the production of organic milk, large conventional farmers here, and elsewhere, will continue to supply commodity milk to value-oriented consumers. This would satisfy the second half of the VMC's mandate, to "assure Vermont consumers a supply of fresh milk at reasonable prices."

Vermont must begin a scheduled withdrawal of support, both implicit and explicit, from the conventional farm paradigm and throw its support behind converting Vermont's remaining dairy farmers to organic.

I would not propose to close the large farms that cannot convert to organic; the state must give farmers, who for whatever reason do not wish to convert, twenty-five years to realize their legitimate, investment backed expectations, after which these farms would be rezoned as non-conforming uses.

Fortunately, converting to organic production will not only reduce greenhouse gas emissions and sequester carbon in the soil, continuous ground cover, composting, organic fertilization and other NOP[5] practices will increase the amount of soil organic matter, reduce erosion, conserve water and enhance fertility. This, in turn, will increase crop productivity and make Vermont agricultural products stand out in upscale urban markets along the east coast where 40M of the world's most prosperous demographic are eager to buy ecologically grown food products. None of these measures is promoted or adopted in

5 The Organic Food Production Act of 1990 (7 U.S.C.A. § 6501-22) required that the USDA develop national standards for organic products. The NOP Final Rule was first published in the Federal Register in 2000 and are in the US Code of Federal Regulations at 7 CFR Part 205.Vermont's Senator Patrick Leahy is credited with passing the legislation.

Vermont's CEP.

The largest impediment to converting farms to organic is not money, although that is a factor. It is that not all farmers want to do it and some cannot. Will my remedy fix everything for every farmer? No; will it fix the problem for the majority? I hope so. Will it clean up Lake Champlain? It will reduce nutrient runoff from Vermont agriculture by half and go a long way to helping Vermont meet its federally mandated water quality standards.

I would ban the use of artificial fertilizers and herbicides in one year and row crops in the floodplain in two. In three years, I would prohibit the importation of conventionally grown protein supplements into Vermont. In four years, I would make subsidy support like Current Use and the purchase of conservation easements (VLT and VHCB) contingent upon the adoption of organic practices. In five years, I would prohibit stocking rates of more than one cow per two acres on which that cow's feed is harvested and her manure is spread.

Some will say conversion to organic is altogether too radical; why not just do as the state has been doing for two generations and hold the course? Because in twenty-five years, Vermont will have only a few dozen CAFOs each milking 5,000 cows, all the others will be gone, the state will have wasted several hundred million of the taxpayers' money and Lake Champlain will still be polluted; in fifty years we will have one dozen CAFOs each milking 15,000 cows, the state will have wasted several hundred million of the taxpayers' money and Lake Champlain will be more polluted than ever.

It would be one thing if dairy farmers insisted upon applying the conventional paradigm, over producing their markets and getting less for their milk than it costs them to make. That is their right. But the paradigm externalizes its residues, by design, into community water. This is not their right and it is intolerable. Society wishes them to succeed; it has provided them exemption from property and sales taxes and other assistance at public expense. Yet, still our farms fail and still they apply the substances that over produce markets and pollute the lake. It will do society no good to allow operators to continue to choose their own practices since farmers, like everyone else, hold their own interests above the community's.

VAAF&M, ANR and DEC even as they are separate agencies, share a unified goal, which is to conserve important parcels of land, with the overall goal of maintaining a strong, rural economy by keeping farmland affordable and in active use. This cannot be achieved while implicitly supporting farm technologies (i.e., funding farmland conservation without mandating sustainable farming practices) that boost production and pollute the lake. Higher production is what drives prices down, which is what draws funding for VHCB and VLT from the state. This is akin to trying to ride a horse in two directions at once. The problem, by this analysis, lies with the regulators, not the farmers. VAAF&M's, ANR's and DEC's policies are empirically failing; their continuance is intolerable.

In answer to those who insist that organic milk is but a niche market, I offer these simple observations:

1. The national trend toward organic milk, which pays farmers a steady price reliably 30-40% above that paid to conventional farmers (organic is all one class), is entering its twentieth year and Vermont now has 200 converts. Still, the vast majority of Vermont farmers (with the active or passive complicity of the Vermont Agency of Agriculture) clings to the conventional model;

2. Organic milk is currently just 15% of all milk made in Vermont but it earns its producers 30% of gross Vermont dairy farm income;

3. Ben & Jerry's Homemade requires 210,000 pounds of cream per batch to fill their vats, which is separated from 6.4 million pounds of 3.25% milk;

4. At these metrics, if Ben & Jerry's plant were operating one shift, 300 days of the year, they would require near 2 billion pounds of organic milk, tantalizingly close to the conventional Vermont dairy farmers' total annual production of 2.6 billion lbs;

5. That 2.6 billion lbs of conventional milk is now worth $442 million to farmers ($17/cwt);

6. If 80% of all Vermont farmers converted to organic and sold all their milk at prevailing prices ($34/cwt) to just Ben & Jerry's, their 2 billion lbs would earn them $633 million.

In order to help Vermont farmers take advantage of the organic milk market, it will first be necessary for the Agency of Agriculture to shift the *greater* part—not the least—of its resources to small and medium-sized dairy farmers—about 80% of the remaining 1,100—and away from its decades-old devotion to a dwindling population of large, conventional farmers.

The agency must also confine its mission to *farming*, which is about cultivating the soil to grow foodstuffs and raw produce in Vermont, and away from nutrition, food assistance, marketing and food manufacturing. Coffee roasted and packaged in Vermont or salsa, cut, mixed and packaged here, are welcome businesses in Vermont and of course, people who need food assistance must be provided for. But these programs belong respectively in the Departments of Commerce, Economic Development and Health & Human Services.

Those farmers who wish to change, rather than slide into oblivion, will need assistance to convert their operations to organic. They will also need a leg up to meet the higher cost of three years' annual organic expenses while they are still making conventional incomes. The Agency of Agriculture must also facilitate a plan to capitalize and equip in-state manufacturing capacity that Vermont producers will own and always control.

[It must be said that the $11M, dispensed as welfare by the state in 2007, mainly to large, conventional dairy farmers, went out without asking in return for a single concession from farmers to adjust a threadbare business plan, and without creating even one, long-lasting effect, would have made a nice, capital investment in an organic transition program. It would have benefited all but the most stubborn small to medium-sized farmers and, collaterally, all ordinary Vermonters. Instead, $11M is gone with nothing but more milk from fewer farms to show for it]

Working capital for a new, in-state milk manufacturing plant would, ordinarily, come from the private sector, which, if it saw an opportunity, would reap the benefits, leaving farmers where they presently are as low-paid producers. Farmers, in view of their experience with rock bottom prices over the past three decades, have no spare capital to invest in a new venture, no more credit resources to draw upon and good reason to be risk averse. Consequently, working capital must be raised by public subscription, not from private, or venture capital, sources.

An initial public offering (IPO) could take the form of a statewide, Community Supported Agriculture (CSA) whereby, in exchange for capitalizing—not expensing—the business, subscribers would receive their milk as dividends. For example, a $5,000 investment that might, if invested in commercial paper, yield 6%, or $300, would instead pay the average family of four's annual expenditure for milk, every year. This model would be a departure from the conventional CSA where, in exchange for an advance against the season's expenses, the farmer disperses a share of the season's vegetables to her supporters. The next season, another advance is made, a share of the season's produce is distributed, and so on.

I would hope the state would offer Vermont investors in this issue a 3:1 tax shelter opportunity if they buy a 6% convertible preferred stock. After three years, stockholders could convert their preferred stock to common, which would be issued in two classes: B shares, reserved for NOFA certified farmers, would exercise 10 votes to every A share. For every 10 shares of A class stock converted, the investor would give one share of B class stock to the farmers, thus assuring 51% farmer control.

Only 60% of the capital should be in equity with the remainder in debt, which if guaranteed by the state in the form of tax-free municipal bonds, is very attractive. Capital can also be raised from grants or by application to various federal and state government sources. Given that farmer-owned coops today routinely pay their members below their cost of production (and are even regulated by Capper-Volstead to pay not more than 8%), it is unclear if the enterprise must, or might not have to, take the form of a cooperative.

The goals, similar to those for any new enterprise, are:

- Analyze value proposition; identify opportunities, competitive advantages and threats
- Organize and contract for sources of raw product (VOMPA and NOFA-VT)
- Research and secure ongoing funding resources
- Design and perfect organizational and capital structures
- Research facilities and process design for manufacturing
- Source and price durable equipment requirements
- Research and identify haulers and suppliers; strategic alliances
- Research applicable State and Federal regulations and requirements for compliance
- Analyze market needs, trends and growth
- Analyze competition
- Devise pricing strategy; promotion and distributors
- Identify management and personnel requirements
- Construct and write marketing and public relations plans
- Research and write breakeven analysis, three-year cash flow projections and P&L
- *The Remedy* is excerpted from James H. Maroney, Jr., "The Political Economy of Milk: Reinvigorating Vermont's Family Dairy Farms," (Leicester, VT: Gala Books, Ltd, 2008), Chapter VIII, p. 12

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To raise money to continue to install renewable energy in Vermont, levy a special tax on all fossil fuels; this could be based on a percentage of the price oil has fallen, so it really would hardly be noticed, and could expire automatically when the price of oil climbs back up to some set point (as it surely will).

Thank you,

John Snell
17 First Avenue
Montpelier, VT 05602
802-229-1751

Speaker,

1) remove the property tax rebate that is based on income and change this to net worth. There are a lot of rebates given out to very wealth people who manage thier income to maximize the tax rebate.

2) Remove the education money spent on taxi service for delinquent students that can't behave. This is an unbelievable waste of money. Bus service is provided for students, if the student is not allowed on the bus the parents are responsible for thier transportation to and from school.

Dear Speaker Smith,

Two weeks ago you made a strong impression with your VPR interview on Jane LIndholm's show. Your inaugural speech was also promising and your best.

I want to refer your interest to the recent and dramatic problems we have experienced up here:

July 2014: power outage of 22hrs.

Dec. 2015: total outage 6 days and nights. Millions $ to repair.

I am only 77 yrs. old and in pretty good shape, but it was VERY difficult even for me. When I remembered my headlamp and wore it, darkness was easier to manage. But no one seems interested - esp. WEC - in the underlying stress from the general disorientation in the darkness of the day and night.
For example, 4 days in, the water pipes seized up, and I had to dip and carry all the water I needed upstairs from the tank in the basement.
Fortunately, my spring resupplies with gravity. That and hauling up the firewood was quite a workout.

Since then, I have suggested among our energy groups that we should look at areas in the west and elsewhere that B U R Y cables in certain areas to avoid the repeated outages, cost and damage. The usual commentary "BUT IT IS TOO EXPENSIVE" is nonsense when we calculate the cost of the imported teams of expert linemen. I ASK YOU TO INVITE EXPERTS FROM AREAS WHERE CABLES HAVE BEEN BURIED, ALSO LOCAL ENGINEERS WHO ARE WELL INFORMED AND WILLING TO STUDY / ASSESS OUR NEEDS IN THIS DIRECTION. LOCAL VOLUNTEERS HAVE THE KNOW-HOW OF THE LANDSCAPE!

WALDEN, where I live, was the hardest hit, small populations don't get help until everyone else is set. This has to change and made more economical in the process. Please, attend to this misery and institutional stupidity, and let me know if I can assist in any way. The most vigorous energy groups up here are in Hardwick, Craftsbury, Greensboro, and nearby villages, lots of local know-how and skills.

Thank you for attending to this,

Annegret Pollard, ret. prof.
2756 Noyestar Rd. (Walden, no p.o.)
E. Hardwick, VT 05836

802) 563.2320
annegretfp@fairpoint.net

Dear House Speaker Shap:

I was a CEO of a large ad agency in New Jersey for many years. Our clients were primarily large pharmaceutical companies. I have been in Vermont for over 25 years, part time, now full time. Here are some of my suggestions for what they are worth:

1) Streamline permitting processes. From what I understand, any new or existing business faces a long, complex and very segmented process of getting all necessary permits. This delays job growth and even causes some to just give up.

2) Ease the fee/tax burdens on small and mid-size entrepreneurs. Example: my exterminator is a one-man company. He told me that will all the "nickel and dime" costs related to fees, taxes, and paperwork levied on him, very little $$ is left over for him. This is a person who, if given the chance to hold on to more money, could grow his business, hire one or more people, etc. Another example - a friend of mine owns a nice size company $12M or so in revenue. He said that if it wasn't for expanding into New York state, his business would have died here in Vermont, given all the restrictions, costs, etc. He is talking about how he can move his business out of the State at some point.

3) Identify the kind of large businesses we want to attract to Vermont, then give major incentives to companies that move here. We offer a great life style to their employees, but competition is stiff for larger companies around the country. We need to win that battle. Supporting small start-ups is nobel and good, but that is a very long-term strategy that doesn't guarantee a lot of good paying jobs. It's the big, existing companies that can give this State large numbers of better-paying jobs. Those people in turn support/grow local businesses (real estate, retail, etc). They also start to infuse the general fund with more revenue).

4) Make Vermont "friendly" to retirees. I know so many people who would love to spend more than 6 months here. But, high property taxes make it undesirable, if not impossible for them to declare residency here. There are states don't collect, or defer, real estate taxes for senior citizens. If we were tax-friendly to wealthy seniors who would love to spend 8 months here, 4 months in Florida, for example, the loss in property taxes would be made up by income taxes as well as the money these folks (and their visiting family and friends) would spend in our economy while they are here. They are donators to charity, spenders in retail and restaurants, and put small demands on our infrastructure. (no kids in school, etc.)

Property Tax Breaks

- States offer property tax breaks to seniors in a variety of ways, but the three most common methods are property tax deferral programs, circuit-breaker programs and homestead exemption, or credit programs. Twenty-four states and the District of Columbia offer property tax deferral programs for senior homeowners who qualify. The age for qualifying varies, from 62 in California, Georgia and Oregon to age 70 in Arizona, South Dakota and Florida. Taxes are deferred as long as the homeowner owns the property and are then paid from the proceeds if the home is sold during the owner's life or when the owner dies.

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Read more : http://www.ehow.com/info_8550572_states-senior-citizens-property-taxes.html

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Beverly Biello
802-475-2103 (h)
201-819-6108 (c)

Follow the lead of New York. Offer tax incentive. Might take awhile to overcome our reputation but can pay off later.

Mike

1. Permit dental hygenists to operate separate from dental offices for just getting cleanings done. This would reduce costs for Vermonters and promote better dental care due to less costly cleanings.

2. Remove the mandates that you have to have an annual dental X-ray to get teeth cleaned. This is a root cause for the increasing brain cancers which is increasing health care costs down t he road. Other states don't require this but Vermont does.

Thanks/Bye
Sarita

Sarita Khan
Property Manager
Jay Peak Vacation Rentals
www.jaypeakskiing.com
802-578-7103

Speaker Smith -

This is in response to a solicitation for ideas about the Vermont economy that I saw in today's FREE PRESS:

An obvious source of income for the state would be legalization of marijuana. The Colorado experience should reassure those who use fear-mongering "Reefer Madness" that the world does not come to an end with marijuana legalization. In fact, aside from additional income for the state, there are other advantages. There is job creation. There is regulation that takes marijuana commerce away from the criminal element.

I am 73 years old, it is so obvious to me that it's time for Vermonters to wake up to the benefits of marijuana legalization. I urge immediate action on this matter.

Igor Zbitnoff
20 Mansion Street
Winooski, VT 05404

Dear Speaker Smith,

Today I became aware of your call for submissions from the public on improving the future of Vermont's economy and job creation approach.

As a native Vermonter, and a professional Product Designer, with years in the industry, I have developed a very unique strategy in solving these issues. I've polished and improved on this into a well thought out and developed proposal, over the years. The program would cost next to nothing to initiate, as nearly all of the required components exist locally, in quantity and quality. And would certainly qualify for early Federal funding, as a success from a 'pilot' could be replicated anywhere in the nation toward accomplishing the same results. It could easily be replicated as often as desired. And possessing the ability to be turned on, or off, as needed. Siting could happen in any region of Vermont with the highest unemployment rate. The program would quickly become self-funded and sustainable. And easily structured to provide a surplus in paybacks. That does not include the savings in having less citizens collecting unemployment checks, and the additional collectible taxes from more pay checks, etc.

With my knowledge of State and Federal initiatives along these lines, I have seen a large void in how that was being approached. My strategy arose from the need to address that gaping vacuum. In developing this program, it became evident that Vermont would be the perfect launching pad for such a strategy... thanks to our comparatively small population, the addition of a few hundred (or a few thousand) new jobs and companies would be seen as significant. In states like California or New York, the addition of a few thousand new jobs would have less overall impact on their economies. Or at least, here in Vermont, require much less time to accomplish in arriving there, than a larger state. In larger states, there could also be the perception that there might be a conflict with existing companies. Much less of a worry here in Vermont.

Texas has oil as their natural resource, Washington has lumber. I've designed my program to concentrate a 'natural resource' that Vermont possesses in spades. This strategy should be seen as the polar opposite of the lame proposals I hear coming out of Montpelier... like, "a little tax break here and there should fix everything." We can sit around hoping that 'Dream Company' comes knocking (as seems to be the current approach). Or, we can actually make it happen.

I have also developed a 'Stage II' to this strategy, to ensure it has the resources to sustain itself over several decades, and beyond.

My proposal will be available at no charge to Vermont... but not today. I will be happy to present this on the day that Mr. Shumlin is finally put out to pasture. So, you may want to keep this in your records, to be revisited two years from now.

Best Regards,
Peter Morris
Burlington, VT

January 21, 2015

Dear Speaker Smith,

You are seeking ideas for improving Vermont's economy and, I presume, help private sector businesses thrive and create more employment and prosperity.

My thoughts:

Ameliorate the Regulatory Burden

While Vermont has a strong legacy setting high standards for environmental and labor stewardship, I believe the State has created a regulatory overburden that creates hurdles and costs for businesses that are both unnecessary or overbearing.

It sees to me the Legislature seldom, if ever, chooses to examine the cost/benefit effects of the legislation and ensuing regulations with their resulting bureaucracy. I fear we have created a hidden inertia to economic vitality by the decades of laws and regulations, some of which may be unnecessary or poorly implemented.

> Recommended Action: Initiate a thorough review of the regulatory environment and the legislation that enables it using a tough cost/benefit analysis.
>
> Properly done, you may create two benefits: 1./ stimulate business with additional degrees of freedom; 2,/reduce the costs of government regulation.

Focus more on the basic responsibilities of government and less on trying to solve people's problems.

Government's primary focus should be on public safety, security, fair application of justice, fair taxation, an effective and affordable education system, predictable regulation, and less on the insatiable demands and costs of human services.

The role of legislative leaders should be setting legislative priorities with an eye toward dealing with fundamental, often difficult and complex issues rather than the 'desire du jour' such as GMO labeling, marijuana legislation, 'death with dignity,' and other frothy societal issues. Perhaps repeal of ineffective legislation should be of equal priority than more new laws.

> Recommended Action: Focus on the value and cost of government in Vermont's society. Determine to create a culture of citizen accountability and personal responsibility rather than one encouraging dependence on government to meet their basic needs. Discourage the 'entitlement mentality' which is detrimental to the value and benefits of productive work.

David Usher
dusher@gmail.com

...d-

Voice: *802.735.2233*
Blog: http://usher.net
Contact Information: www.davidusher.tel
David's QR Code: Click here
Facebook: www.facebook.com/d.usher

Hello Speaker Smith,

The article in the Burlington Free Press of 1/20/15 requested public input pertaining to legislative topics related to the economic future of Vt. ....Here are just a few of mine.

1. I suggest either hiring Art Woolf as a state economist or economic advisor replacing one or both of the present economists. Quite frankly, I think the present state economists spin the numbers to justify the state's ballooning budget rather than doing an unbiased financial assessment. Based on my observation of Art's work, I think he is more APOLITICAL and PRAGMATIC when crunching the numbers..

2. Stop the Vt. legislative's (Progressives and Democrats) war (s) against large international corporations. (IBM, Entergy, Monsanto, etc.) Yes, you and the legislature worked very hard to close Vt. Yankee eliminating 600 excellent jobs, basically closing the Town of Vernon and eliminating $14 million in state tax revenues which now go out of state. At the time, Gov. Shumlin blew off the tax revenues which he said were insignificant. I doubt he would say the same today.

If T.J Watson Jr. of IBM didn't have an interest in Smuggler's Notch back in the day, there wouldn't be an IBM (Global Foundry) plant in Essex Jct. Today, if any manufacturing company were looking to site a new facility in the U.S. of A., I think Vermont would be on the bottom of the list for location .

You know that this new proposed payroll tax for healthcare is just the beginning of picking the pockets of large successful
businesses. I guess someone in the Shumlin administration thinks that .7 per cent wil be acceptable if not 7 percent.

It's just another reason not to start a business in Vt.

3. Put the GMO law on hold. You must think the Vt. public ignorant and unable to conclude for themselves that ALL food products they purchase today have some form of natural or engineered content.

You are going to spend $6.7 million dollars (minus $300 k donations to the so-called defense fund) of public money for a ginned up problem that can be solved by having the food producers who want to sell to those concerned by labeling "NO GMO CONTENT" on their packaging. They will make millions (?) by doing so...........

When was the last time you have heard of someone becoming ill from GMO modified food ?

I would argue that more Vermont residents have experienced heart attacks, strokes, diabetes, and obesity from eating the excessive fat and sugar in Ben and Jerry's ice cream!!!! Have you read the label on many of their products?

As an aside, an interesting legislative public hearing that could be held in Montpelier would be the health impact on the Ben and Jerry employees, families and friends who have been consuming the 3 pints of ice cream per day for the last 30 years. (it was 5 pints not too long ago) You can have Ben Cohen talk about the work he had done on his heart a few years ago and who paid for it.

See how this stacks up against the GMO scare.

Sincerely,

Joe Delecki
Grand Isle, Vt.

Hello Shap,

I came across your Econmic Development request in the Times Argus and wished to offer some of my personal goals-which may not be applicable to the question asked, but it could have relevance.

I own through several LLC established within Vermont, most (or all?) of the privately owned lands along Exit 8 (Montpelier- off Interstate 89). This land is all within the town of Berlin (Yes, much of exit 8 is within the town of Berlin) and consists of approximately 45 acres of commercially zoned land. I addition I own approximately 10 more abutting commercial acres that are partially developed. The Berlin Town and Central Vermont regional plans are both encouraging of commercial development for this area.

I am currently considering several development options for this land and wish to get the word on the street that it is available and folks should come to me to discuss their interest. Their is only one residents residing within this area that is not under my control. Some of the lands are in flood plain and will have limited development options-still excellent for farming or perhaps a large (2 mega watt?) solar farm. GMP has a preexisting solar farm and fossil fuel power plant abutting the lands. High speed internet and fiber optics pass through the lands as well as three phase electric power. The land abuts the Montpelier waste water plant and preliminary requests indicate the town of Berlin and the city of Montpelier would be in favor of allowing the sewer and water (if need) lines to service this area. Much of this area was logged during calendar year 2014 so any persons wishing to walk the lands will be able to quite clearly see what is available-more than meets the eye with a quick drive by. I have recently hired Stone Environmental Services, of Montpelier to do a preliminary site study which came back quite favorable for many development options.

The parcel of land has well in excess of a mile of road frontage on both sides of the Dog River Road. Both ends of the Dog River Road connect to state highways and the unimproved dirt portion in between is predominately surrounded by lands under my ownership. I have contacted a couple significant development companies within the State of Vermont who have expressed interest in working with the site, but really wanted to stretch the word further.

Thank you for your moment and best wishes for the up coming session! Should anyone wish to contact me with regards to this potential site I can be reached via phone at (802) 793-5857 or email morsebriane@aol.com.

Brian Morse
East Montpelier/ Berlin

Hey Shap,

I am not an economist by a long shot, but I see you are looking for community input so I thought I would send you my thoughts on the subject, for what they are worth.

- Matt tried for over a year to find an engineer/machinist for his shop. This is a $20/hr job with benefits. No luck. Most applicants had a criminal record and not enough experience. One said he would be making more money collecting unemployment. So Matt had to scale back to what he and his one employee could do.
- It is impossible to find farm help. No one wants to work long hours cor little pay, except Mexicans. And most of the tech schools have lost their Ag component. We refuse to hire illegal immigrants, but I feel that VT should make an exception for farms that need them. And they should be paid minimum wage! Milk prices (for farmers) would increase if farms had to pay their workers fairly.
-Welfare should be reserved for those that truly need it. We have tried to hire a skidder driver all winter, but most of them would rather sit home and drink beer. And they can do that thanks to 3Squares and unemployment. Same goes for the excavator operator we use. I feel that people with able body/mind should be working. And we should be increasing our assistance to the elderly and children.
-Decrease property taxes. One way to do this would be to eliminate one-on-one teacher positions. Bring back special ed, but obviously in an improved form.
-Don't make small businesses responsible for their employees health insurance. Small businesses are struggling as it is without the added burden. And I can tell you from a health care perspective that people are more accountable when they are paying themselves.
-Increase the minimum wage to $15/hour.
-Increase the state's proportion of local goods and services.
-increase marketing/PR for locally made goods and services. I am always amazed at how people complain about the prices of local foods, and maybe with better education they would understand that they are actually getting a bargain.

Thanks!
Selina Rooney RD

Sent from my iPhone

Shap,
I understand from Robin Scheu you are looking for input on business and economic development issues. Please see the chain of emails below including Amazon canceling their program due to Vermont legislation and the links the the best/worst states for business article as well as my comments. Regards,
Ben

Ben Anderson-Ray || 802-349-2828 || ben@trinitasadvisors.com
Trinitas Advisors, LLC || www.trinitasadvisors.com
32 Morningside Drive, Middlebury, VT 05753

Begin forwarded message:

From: Harvey Smith <HSmith@leg.state.vt.us>
To: Ben Anderson-Ray <banderson-ray@comcast.net>
Subject: Re: Vermont Closure Notice (Associates)
Date: January 14, 2015 at 10:46:17 AM EST

Hi Ben
I hear you! Thanks for getting involved!

Harvey Smith
2516 lime Kiln Rd
New Haven, VT 05472
802-349-7268
Sent from my iPad

On Jan 6, 2015, at 5:44 PM, "Ben Anderson-Ray" <banderson-ray@comcast.net> wrote:

To all,
I thought you would all like to see a definitive example how the policies of our state hurt business. See the email below that we just received from Amazon. In this case it is a fairly minor issue for my business, but it could be a dramatically bigger issue for some of the other companies in the state. In our case, we reference a number of recommended business books to clients on our website and if they want to buy one of the books, the web site has links directly to the appropriate page on Amazon's site to be able to buy the book. We do it for the convenience of our clients and not as any real revenue source. However if we were a larger organization this could be a significant income issue. Since this is a policy decision by Amazon to essential curtail business with Vermont based companies due to the State's tax legislation I would ask you to reconsider the legislation.

This is just one example of being business unfriendly and stifling our economic development. The bigger issue is that as our State struggles for revenue, we seem to consistently do more things that hurt our business climate than to help it. Here is a link to a article on the worst states for business. If you open the article you will see a further link to the full results and will see that Vermont ranks 39th out of the 50 states. Not good….
http://chiefexecutive.net/2014-best-worst-states-for-business

As the rest of the country continues improve economically, we in Vermont have a stagnating economy. Our cost of living is high, our taxation is high, and population is stagnate and not really growing,our young people leave the state to find better jobs, our total employment and total personal income is not really improving, our higher wage jobs seem to be in decline and our state revenues lagging. If we want our tax revenue to grow it can't really come from new taxes, it needs to come from a robust growing economy…with more jobs, higher wage jobs, better policies to encourage business formation and business growth…and yes even attract new business to move to our state. To do that we need to be consistently doing things legislatively that encourage economic development and the vitality of our business community.

If we want the dollars to do things like single payer universal healthcare, we need to have a very robust economy with a growing businesses and a growing population. If we want our young people to stay, they need good well paid jobs. If we want our businesses to succeed we need to create the ecosystem for them to be healthy and grow. Attracting, retaining and growing businesses should not just be a front burner issue, but rather the front burner issue in Montpelier in the coming year(s). My question is what tangible action will you and your colleagues take to enhance our State's economic vitality in the coming year?

With regards,

Ben

Ben Anderson-Ray || 802-349-2828 || ben@trinitasadvisors.com
Trinitas Advisors, LLC || www.trinitasadvisors.com
32 Morningside Drive, Middlebury, VT 05753

Begin forwarded message:

Date: January 6, 2015 at 3:34:17 PM EST
From: "Amazon.com Associates Program" <no-reply@amazon.com>
To: "Benjamin M. Anderson-Ray" <banderson-ray@comcast.net>
Subject: Vermont Closure Notice (Associates)

Hello,

We are writing from the Amazon Associates Program to notify you that your Associates account will be closed and your Amazon Services LLC Associates Program Operating Agreement will be terminated effective January 6, 2015. This is a direct result of Vermont's state tax collection legislation (32 V.S.A. § 9701(9)(I)). As a result, we will no longer pay any advertising fees for customers referred to an Amazon Site after January 5, nor will we accept new applications for the Associates Program from Vermont residents.

Please be assured that all qualifying advertising fees earned prior to January 6, 2015, will be processed and paid in full in accordance with your regular advertising fee schedule. Based on your account closure date of January 6, 2015, any final payments will be paid by March 31, 2015.

Amazon strongly supports federal legislation creating a simplified framework to uniformly resolve interstate sales tax issues. We are working with states, retailers, and bipartisan supporters in Congress to get legislation passed that would allow us to reopen our Associates program in Vermont.

We thank you for being part of the Amazon Associates Program, and hope to be able to re-open our program to Vermont residents in the future.

Sincerely,
The Amazon Associates Team

First Name: Charles
Last Name: Lowe
Email: jlfam13@hotmail.com
Address 1: 48 Georgia Shore
Address 2:
City: St.Albans Bay
State: Vermont
Phone: 802-309-1200
Message: We have a great location for a much needed new boat marina and public access in St.Albans bay. A marina in St.Albans bay would create many new jobs along with opening opportunities for many new business (Boat sales, sail and fishing charters,marine hardware sales) tourism dollars would come into our area being spent in our motels restaurants shops and stores.Quality of life would increase for the residence here along with property values.

Speaker Smith,

I write to you in regard to your appeal for ideas on how to create job growth in Vermont. Before suggesting specific policy proposals, I believe we need to craft a vision, i.e., "Vermont 2050." Many Vermonters think the way out is to replicate the successes of other states, New Hampshire, for example. Others think we should forge a unique path forward underpinned by the renewable energy industry. What we are in dire need of is a coherent narrative laying out the elements of what Vermont will look like in several decades from now.

At the very heart of our many challenges are Vermont's land use policies. The policies that have buoyed Vermont's rural economy are also the policies that have fundamentally altered the rural economy in a way that creates only certain types of jobs for a limited number of people. The wealthy land owners in my town are important and they are caring people with the town's best interests in mind. They do so much for the town and for the State. But, the dependency on wealthier land owners comes with long-term costs. Moreover, people of more modest means are priced out of the market, both in terms of owning and renting. Vermont is sustained by high property values, but these same high property values will result in our demise if we do not figure out how to change course.

Whichever direction we want to take the Vermont economy, it must start with making a choice between continuing to incentivize the land use patterns that have evolved since the 1970's and 1980's, or charting a new course. Woven into this challenge is the fact that Vermont has a succession problem that needs to be addressed immediately. We have to do more to cultivate a new generation of land owners. If the goal is to maintain Vermont's working landscape, then we have to ask – who do we want to maintain it? I see two choices: (1) wealthy land owners who have the means to buy existing farms and forest land and hire workers to maintain them, or (2) younger people of more modest means who genuinely want to work the land, but cannot possibly acquire existing farms and forest land. Whatever policies we devise must address these core issues if Vermont wishes to maintain its valuable brand identity.

Although I hesitate to suggest it, I believe what this means is that we have to re-examine the current use program and any other land related tax incentive program to figure out if they're structured in a way to encourage one path over another. The current use program has served its purpose well and it should continue to play a role maintaining our working landscapes, but does it encourage the right kind of land tenure for the future? Do we only want young people in the more populated areas of the State or do we want to cultivate a new generation of younger land owners in the rural areas? My vote is for the latter. I personally know a handful of young farmers would like to farm in Vermont, but they simply do not have the means and financial security to get started. Programs such as the Vermont Land Link (www.vermontlandlink.org) are helpful, but we need to do more to bolster these kinds of programs, whether it's encouraging even more private agreements or restructuring tax policy, or both.

It's time to write a strategic plan for Vermont's future land use. From there, the right policies should be clear.

Sincerely,
Scott Woodward
Pomfret, VT

Below is an article consisting of six sections. Each section covers a different topic, but all are related, as they show how Vermont's economy is being led into the wrong direction by a political leadership whose main solutions to problems are more and more government programs, often called "initiatives", that typically are started with a federal subsidies "to get them up and running".

Basically, this violates the historic driving forces of the US, which are mostly private initiatives ultimately leading to higher standards of living. As a result, Vermont has become one of the poorest and most socialistic states in the US, with an expensive, ponderous government whose actions have become a wet blanket on the no/near-zero growth private sector.

POOR VERMONT IS GOING IN THE WRONG DIRECTION

1) The Healthcare Informational Meeting to Finance Medicaid, etc.

The "Informational" Meeting: A few weeks ago, Shumlin's healthcare gurus held an informational meeting in Montpelier to explain to the Vermont media the purpose of Shumlin's proposed 0.7% payroll tax. The gurus provided the following numbers, which I took from a Valley News article.

The 0.7% Payroll Tax and a Feel-Good Story Line: The 0.7% payroll tax is to raise $82.8 million to bring Medicaid payments from 60% of a provider bill to 80%, the same as Medicare, so providers (doctors, hospitals, etc.) have less reason to ration care, turn away patients, complain about being underpaid, and shift costs to the bills of other patients. In 2012, about $150 million was cost shifted to commercial insurers; about $100 million for Medicaid and $50 million for Medicare. To recover their higher costs, commercial insurers increase the premiums for those not on Medicare and Medicaid.

The federal government would provide $89 million of matching Medicaid funds. In the first year, the $82.8 million in new taxes + $89 million in federal match = $171.8 million would go into the Healthcare Resources Fund. In subsequent years, it likely will be much more.

About $50 million will be used to pay more to providers of Medicaid services and about $60 million will be used to pay for expanded Medicaid rolls, a total of $110 million of increased Medicaid payments for the first year. Plus, about $55 million will be used to:

- Increase payments to providers who participate in Vermont's Blue Print for Health.

- Increase subsidies for out of pocket costs on the exchange.

- Increase the budget of the Green Mountain Care Board.

- Support Vermont's pursuit of an All-Payer federal waiver.

It is not clear by how much the above 0.7% payroll tax, etc., would reduce the cost shifting of $150 million of 2012 (much greater cost shifting is expected in subsequent years). As cost shifting is a small percentage of total premiums paid by Vermonters not on Medicare and Medicaid, there could be only a minor reduction of their insurance premiums, or only a minor reduction of their rate of increase.

NOTE: If a family with 2 children has 2 earners, say a teacher and a carpenter, its PAYROLL income may total $100,000, 0.7% of that would be $700/year. Vermont has tens of thousands of such families. The 0.7% payroll tax, taken out of your pay similar to FICA taxes, is just for starters, as more and more people will be enrolled in Medicaid.

The Feel-Good Story Line was a Grand Deception: Gruber, a self-discredited consultant hired by Shumlin, made the following statement: "Lack of transparency is a huge political advantage, and basically, call it the stupidity of the American voter or whatever. But basically that was really critical to getting the thing (ACA, a.k.a., Obamacare) to pass."

It appears likely, the "informational" meeting was a Gruberesque attempt at obfuscation and manipulation, because the gurus who conducted the meeting likely knew cost shifting was much greater than the $150 million in 2012, and abused the Vermont media to deceive Vermonters. Besides the gurus, Shumlin, Campbell, Smith, et al, likely were in on the deceptive "informational" meeting BEFORE it occurred. Such an important meeting would not take place in a vacuum.

The ACA expanded Medicaid eligibility to higher income levels and to children (CHIP). Medicaid (including CHIP) enrolled 184,867 Vermonters by end October 2014, about 57,705 more than the average enrollment of the July – September 2013 period. See URL.

http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-State/vermont.html

Because those on Medicaid and CHIP are rapidly increasing (due to ACA) and on Medicare are steadily increasing (due to aging), cost shifting will go through the roof, which will have an even a greater impact on the insurance premiums of those not on Medicare and Medicaid!!!! The cost shifting will be much greater than the 2012 numbers paraded before the Vermont media. These greater numbers were known to all insiders, but apparently not to Vermont's media, which dutifully swallowed the "informational deception", hook, line, and sinker.

See page 17 of "Fiscal Year 2014, Summary of Vermont Hospital Budgets, Final Budgets, as APPROVED by the Green Mountain Care Board.

http://gmcboard.vermont.gov/sites/gmcboard/files/B14ReviewFindings_final.pdf

It is now completely clear the 0.7% payroll tax is just a starter rate. It is nowhere near enough to cover cost shifting for 2014 and beyond, and to cover other costs mentioned in the Gruberesque "informational" meeting. The 0.7% in 2015, likely will increase to 1.5% in 2016, and 2.5% in 2017!!

2) Closing a "Tax Loophole" to Reduce Recurring Budget Deficits:

IN ADDITION to the above 0.7% payroll tax, Shumlin also proposed to eliminate a "tax loophole" by ending the deductibility of state and local taxes from VERMONT taxable income to balance the budget. The closing of the "loophole" is aimed directly at increasing the income taxes of higher income households.

Currently, your FEDERAL taxable income is the base for calculating state income taxes. If Shumlin's deceptively called "loophole closing" becomes law, this base would be INCREASED due to not deducting your state income taxes, and your local real estate/school taxes, if you itemize, as do about 1/3 of Vermont income tax return filers.

This means the base on which your state income tax is calculated will be much higher and you will have to pay much more state income taxes. For example, many households, that pay $6000 as local real estate/school taxes and $6000 as state income taxes, it will be at least $1,000, or more in state income taxes.

"The closed loophole will raise $15.5 million per year/89,000 itemizers, or about $175 per year per itemizer", says Jim Reardon, Commissioner of the Department of Finance and Management".

Jim Reardon's deceptive "$175 per year per itemizer" is true, but does not represent the real picture for tens of thousands of filers, including almost all legislators. It appears, the ability to effectively engage in deception is a job qualification, if working for Shumlin.

3) The Netherlands is Number One in Healthcare

The Netherlands used to have a single-payer, universal healthcare system, but it was junked because it became too unworkable and expensive. I lived there for 18 years.

For the life of me, I do not understand Vermont's misguided fixation of moving to single-payer, as the Netherlands moved AWAY from single-payer, and AS A RESULT became ranked No. 1 in Europe, per various studies.

The Netherlands got single-payer after the Germans invaded in 1940. Germany had had it since 1880. The practical Dutch moved away from it about 10 years ago, because it had become an expensive, unmanageable, bureaucratic nightmare.

The Dutch have established a European model to copy. See Page 3. In the Netherlands, financing agencies and healthcare amateurs, such as politicians and bureaucrats, seem farther removed from operative healthcare decisions than in almost any other European country. See Page 5.

People have monthly amounts taken out of their paycheck, which are forwarded to insurance companies, or they can choose to send monthly checks, the way you make a car, mortgage, or rent payment.

http://www.healthpowerhouse.com/files/Report-EHCI-2012.pdf

In the Netherlands, everyone HAS to buy one of several government-approved health insurance plans. PRIVATE insurance companies COMPETE to offer government-approved health plans. Employers have no involvement in and do not contribute to these plans.

The government designs the plans with provider input, monitors compliance to standard outcomes, with bonuses for exceeding standards, and penalties, including loss of contract, for underperforming standards.

For a basic plan the cost is about 720 euro per person, with a 365-euro deductible, and small co-payments.

Costs are controlled: MRI 250 euro; Basic lab test 10 euro. Lab tests are performed by computers tied to chemical analyzers, as they are in the US, except the US providers charge through the nose.

A study was performed of seven healthcare systems. The ranking was as follows:

1 Netherlands

2 UK

3 Australia

4 Germany,

5 New Zealand

6 Canada

7 US

The reports of two studies, performed by experts, rank the Netherlands as No. 1, a REAL leader. Vermont would do well to learn from the Netherlands. It likely would not be a good approach to emulate Canada's "universal" healthcare system, as some uninformed people have proposed, because they saw the word "universal".

http://www.bbc.co.uk/news/10375877

http://en.wikipedia.org/wiki/Healthcare_in_the_Netherlands

4) Shumlin's Renewable Energy Push and Renewable Portfolio Standard, RPS

Shumlin called for more renewable energy. Poor Vermont's fantasy goal of 90% of ALL energy from RE by 2050 would require:

- About 90% of all cars, SUVs, minivans and 1/4-ton pick-ups to be all electric or hybrids using electricity and 100% bio-fuels. No more 90% gasoline/10% ethanol mix, or diesel, etc., at the pump. That implies the US will be producing about 10 million/yr of such vehicles by 2050.

- Major EE upgrades of almost all residential and other buildings to enable heating and cooling with electric heat pumps and bio-fuels, such as wood, wood pellets, etc. No more fuel oil, propane, gas, coal, etc., for building heating and cooling.

- Vermont's annual ELECTRICAL consumption to increase by about a factor of 3, from about 5,600 GWh to 16,800 GWh, about 90% of it from RE.

By the end of 2013, poor Vermont had achieved 4.86% x 5,600 GWh = 272 GWh of NEW, IN-STATE, RE by investing about $538 million over 3.5 years, or 538/3.5 = $154 million/yr.

Poor Vermont would have only 16,800 x 90% – 272 = 14,848 GWh to go, at a capital cost of about 14848/272 x 538 = $29.4 billion, or $816 million per year for 36 years, to achieve the fantasy goal 90% of ALL energy from RE by 2050, if the RE were from NEW, Vermont-generated wind on ridgelines and solar on meadows. Poor Vermont's environment would be grossly spoiled forever.

NOTE: There are other Vermont-generated RE sources, such as biomass, but they are expected to be minor.

Expensive, Underperforming SPEED Program: Here is how the SPEED program, 2.2 MW or less, has performed these past 4.5 years.

Vermont has been replacing the near-CO2-free, low-cost (4 - 5c/kWh) energy of Vermont Yankee with expensive, variable, grid-disturbing SPEED energy. By any definition the SPEED program has been, and still is, an economic headwind.

SPEED energy is getting more and more expensive. See below table. But Vermont wants to be an RE leader, just like Germany. However, Germany is a very rich, industrial powerhouse and Vermont is mostly very poor.

Increased energy efficiency would be a much wiser choice for Vermont, as it would actually REDUCE the energy bills of already-struggling households and low/near-zero-profit businesses. Unfortunately, Vermont's political leadership, lubricated by campaign contributions to perform "constituent service", is in RE subsidy-chasing mode.

Here are the production results for the SPEED Program, 2.2 MW or less:

Year.......Production.........Paid to Owners.......$/kWh......% VT Use

Units.........kWh........................$

2010........5,980,779............829,832.88.........0.1387.........0.11

2011.......20,172,973.........3,329,269.05.........0.1650.........0.36

2012.......29,666,592.........5,093,237.71.........0.1717.........0.53

2013.......44,820,516.........8,692,440.70.........0.1939.........0.81

2014.......62,865,075.......13,190,927.86.........0.2098.........1.13; after 4.5 years of RE build-outs!

http://vermontspeed.com/speed-monthly-production/

http://vermontspeed.squarespace.com/project-status/

Excess payments during the past 5 years, based on New England average wholesale prices of about $0.054/kWh

...........Excess Payments.......Cent/kWh increase of electric bills

2010..........$506,871............0.01

2011.......$2,239,929............0.04

2012.......$3,491,242............0.06

2013.......$6,272,133.............0.11

2014.......$9,796,214.............0.18; rapidly increasing, as is the budget of Efficiency Vermont!

http://theenergycollective.com/willem-post/332911/high-renewable-energy-costs-damage-vermonts-economy

The above “Paid to Owners” column shows the amount paid mostly to the risk-free tax shelters of in-state and out-of-state multi-millionaires, who own the larger PV solar systems. In the future, these "Paid-to-Owner" amounts will be INCREASING by at least $5 million per year, as the table shows, courtesy of the PSB, et al. Those owners get compensated at an average of about 27 c/kWh for existing solar projects. This is coddling the seriously rich, at everyone else's expense, using the lame excuse of “fighting global warning”!

The “Excess Payments” were rolled into the electric rates of already-struggling households and no/near-zero profit businesses. These payments would have increased to about $62.5 million by 2017 had VT’s unrealistic SPEED goals been achieved. The main reason for the rapid increase is due to the PV solar feed-in tariff of an excessively high 25.7 c/kWh. The tariff is set by the PSB, based on a dubious rationale called “avoided cost-based prices”, but the On-Peak wholesale price, at which utilities buy some of their energy, hardly ever exceeds 8 c/kWh!

The politically well-connected, multi-millionaires, with lucrative, no-risk, tax shelters, are benefitting the most from tax credits, fast write-offs, production tax credits and overly generous feed-in tariffs, to build solar plants (destroying meadows) and under-performing wind plants (destroying ridge lines) that produce variable, intermittent, grid-disturbing energy at 3-5 times New England wholesale prices; a sure way to further DECREASE the competitiveness of an already near-stagnant Vermont economy. Vermont’s government is coddling those wealthy multi-millionaires with RE programs that excessively waste scarce taxpayer money and would do practically nothing to reduce global warming.

Out With the SPEED Program, in with an RPS: Because the SPEED program has grossly fallen short of RE production targets, the expensive, underperforming SPEED program will be scrapped, and replaced with an RPS.

NOTE: 29 states + Washington DC + 2 territories have an RPS. Several of the states that still have an RPS have watered it down, some are thinking of cancelling it. Just Google. The TREND appears to be away from having RPS laws.

People should know by now, in New England, wind energy is zero or near zero about 30% of the hours of the year, and solar energy is zero or near zero about 65% of the hours of the year. Often both are near zero. That means ALL other generators need to be kept in good running order, staffed and fueled to provide almost ALL energy during these hours, and lesser quantities of energy during other hours!! Two energy systems to do one job!

NOTE: Economically viable energy storage systems, other than hydro, have not yet been invented, and would take many billions of dollars and decades to deploy AFTER they are invented.

Hydro, Wind and Solar Energy: It is well known, the NEK would need at least $250 to $300 million of grid upgrades before significant variable, intermittent wind energy could be added. Just adding the cancelled, Seneca system would have cost $86 million in grid upgrades. GMP had to spend a total of about $20 million to connect the underperforming Lowell system to the grid.

If GMP is really interested in reducing the electric bills of already-struggling Vermont households and near-zero profit Vermont businesses, it should get 75% of its total energy as steady, not variable, not intermittent, hydro energy at 5 - 7 c/kWh (per Dostes) from Hydro-Quebec, instead of getting unsteady, variable, intermittent wind energy at 10 – 15 c/kWh from ridgelines, and unsteady, variable, intermittent solar energy at 15 – 20 c/kWh from roofs and meadows. This would require building additional HVDC lines, capacity about 600 MW, within Vermont. HQ would build connecting HVDC lines within Canada.

It would be much less destructive to the Vermont environment to buy as much hydro energy as possible from H-Q. The H-Q environmental damage took place over 20 years ago, whereas any wind and solar energy, in-state or out-of-state, would entail ADDITIONAL damage.

Energy- Efficient Buildings: During hearings on H-40, not a word was said about having zero-energy buildings or energy-surplus buildings. About 95% of Vermont buildings are energy-hog buildings. Adding air source or ground source heat pumps to energy-hog buildings is like putting the horse behind the cart. First one should build the energy-efficient buildings, then it makes sense to add the heat pumps. Energy-efficient buildings, such as Passivhaus buildings, hardly need any heating system, even in poor Vermont.

Here are some examples of annual energy use for heating, cooling and electricity of energy-hog government buildings. Not much can be done with such buildings other than taking them down to the steel structure and start over.

NY State Office Building Campus/SUNY-Albany Campus; average 186,000 Btu/sq ft/yr. Source: a study I did in the 80s.

Vermont State Government buildings; average 107,000 Btu/sq ft/yr.

http://www.publicassets.org/PAI-IB0806.pdf

http://theenergycollective.com/willem-post/46652/reducing-energy-use-houses

http://theenergycollective.com/willem-post/2146376/renewable-energy-less-effective-energy-efficiency

http://theenergycollective.com/willem-post/2162036/comparison-grid-connected-and-grid-houses

5) Vermont, a Poor State with an Economy in Near-Zero Growth Mode

Poor Vermont's economy has been stuck in low/near-zero growth mode since about 2000, largely because of the wet blanket of government spending suffocating the shrinking, low/near-zero-profit private sector. In poor Vermont, the sum of local and state tax burdens, plus government fees, plus quasi-government surcharges (such as for Efficiency Vermont, which was given an 8% budget increase for 2014) has been increasing as a percent of total household incomes, while the real household incomes of 60% of lower income households have been decreasing in a near-zero growth economy for the past 14 years. That is called hollowing-out the middle class.

Vermont 8th Poorest State: Poor Vermont is the 8th poorest state, based on dividing REAL (inflation-adjusted, 2013$) median household incomes by the COL index.

http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf

NOTE: Chittenden County has many people, and its economic statistics rank well above all other Vermont counties. If Chittenden County were removed from the Vermont averages, the rest of Vermont would have averages just slightly above Mississippi, i.e., near the BOTTOM of US averages. Vermont is a very poor state with a very expensive government? You bet.

Vermont 6th Most-Socialized State: Poor Vermont's economic growth is stagnating, partially because it is the 6th "most-socialized" state in the US, based on government footprint. Governments do things ponderously and expensively. Some states, more socialized than poor Vermont, have large FEDERAL government installations, which poor Vermont does not have. Poor Vermont would rank even higher on the "most-socialized" scale, if that aspect were removed.

http://www.thestreet.com/story/12964955/1/the-10-most-socialist-states-in-america.html?puc=outbrain&utm_source=Outbrain&utm_medium=cpc&utm_campaign=tstoutbrain&cm_ven=outbrain

6) Cost of Living Index, Household and Family Incomes

Poor Vermont has a tax, mandated fees, etc., burden that is much higher than the US average, and poor Vermont has a LOWER real household and family income than the NE average. A household has one or more people; a family has two or more people.

- The COL index covers the total income of the households in the top 20% of households, by income.

- The top 20% of households, by income, take in about 55% of ALL US household income.

- Thus the COL index covers a lot of US household spending and is highly representative, certainly for these households.

- The effect of any taxes (federal, state and local) is NOT taken into account in the COL index.

- If a state is in the upper quarter of per capita tax burden, such as poor Vermont, then the exclusion of taxes from the COL is significant.

- Poor Vermont's COL index is about 120, the US = 100. Vermont's nominal median household and family incomes would need to be significantly higher to equal US incomes.

Real (inflation-adjusted, 2013$) median HOUSEHOLD incomes:

.....................US.................VT.............VT, COL adjusted

2013..........$52,250.........$52,578............$43,815

2012..........$52,117.........$53,746............$44,788

2005..........$55,178.........$54,514............$45,428

Real (inflation-adjusted, 2013$) median FAMILY incomes:

....................US................VT............VT, COL adjusted

2013.........$64,030..........$68,382...........$56,985

2012.........$63,435..........$67,006...........$55,838

2005.........$66,621..........$68,217...........$56,848

http://www.deptofnumbers.com/income/us/#household

Real (inflation-adjusted, 2013$) US household income DECLINES. Vermont household income declines are similar.

Quintile.......Peak Year.........Peak Income.........2013 Income........Decline

1st ....2006....................$194,296...............$185,206...........- 4.7%

2nd..............2007.....................$88,880................$83,519........... - 6.0%

3rd...............2000.....................$57,129................$52,322........... - 8.4%

4th...............2000.....................$34,306................$30,509......... - 11.1%

5th...............1999.....................$13,861................$11,651......... - 15.9%

http://www.advisorperspectives.com/dshort/updates/Household-Income-Distribution.php

On Fri, Jan 23, 2015 at 7:26 AM, Bruce Shields <bshields@pwshift.com> wrote:

Willem's analysis appears to me exactly right, but I pick out one point below. Some years ago, if you picked Chittenden County data out of the Vermont set, the rest of Vermont were near the bottom of US averages, only a shade above Mississippi.

On Jan 22, 2015, at 11:28 PM, Willem Post <wilpost37@gmail.com> wrote:

NOTE:

- A household consists of one or more people. Vermont's nominal median household income was $52,578 in 2013; it was $52,250 for the US.

- A family consists of 2 or more people. Vermont's nominal median family income was $68,382 in 2013; it was $64,030 for the US.

- Vermont's COL index is about 120, the US = 100. Vermont's nominal median household and family incomes would need to be significantly higher to equal US incomes.

http://www.deptofnumbers.com/income/us/#household

Bruce P. Shields
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bshields@pwshift.com

Hi Shap,

I've thought about this a lot off and on since I moved to VT 8 years ago, though I am not as tuned into issues of economic development as I was when I lived in MD. I have to assume there is a state office that continues to monitor Federal RFQs, RFPs, and opportunities for Federal assistance; also, that there is an ongoing effort to attract techies who can work from home to move to VT , so will not address those concepts.

However, I think there may be opportunities for micro businesses for local Vermonters, if someone could focus on this. [If someone is already doing this, you can just ignore the following.] These would not generate the big bucks VT needs to compete nationally and globally, but they might help individuals with limited resources who could use a little help to get by. Some examples:

- I purchased "singing skirts" from a small company, that could not make the leap from micro to standard size. (You pushed a button and the skirt "sang" the Macarena, the can-can, the chicken dance, etc.) When the company went out of business, I purchased their inventory and still sell them in my store; customers love them. When my inventory is gone, that will be it. However, if there was someone who sewed, she could make a little extra making these.
- Someone who sewed could also make doll clothes and sell to stores that sell dolls.
- Local woodworkers and carpenters could build wooden toys or dollhouses or birdfeeders, which could sell in toy stores, craft stores, hardware stores, etc. This would work especially well in VT where so many skilled construction workers are laid off during winter months.
- Small bracelets and jewelry can be made quickly – and there is a wholesale distributor in Montpelier.

I know from experience that it is almost impossible to build something and sell it wholesale and still make any money. This is because (1) most small-time crafts persons are buying at retail prices. (2) Anything made by hand – by definition -- takes so much time that at the end of the day you are making pennies, not dollars. (3) The average person does not know about packaging and marketing. (4) The items need to look professionally made. (5) The costs of workspace out of the home makes production costs prohibitive: You need 1 place to live; 1 place to work; 1 place to sell what you produce. The only way we came close to making this work was to combine work and home space.

However, I am constantly on the lookout for toys made in the US and VT and constantly get requests for these, so know the market is there. I would do this myself if I had the time and resources, but 1 full-time plus job and a daughter in college makes that prohibitive. However, in many cases, a little seed money, a few courses in marketing, and perhaps a mentor might help some folk bring in a little extra cash. This concept has worked in less developed countries. Perhaps it could work here.

Nancy

Nancy Teed
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www.stowetoys.com

Hi Shap,

I heard on the WSYB am radio show that you are soliciting Vermonters for ideas to improve Vermont's economy. Here are mine below. I hope you take these concepts very seriously as I have thought about these ideas for a very long time. Sorry it's long, I have much to say. I shared some of these ideas with Pat Moulton-Powden when I saw her at the recent economic conference in S. Burlington, put on by VT Economy Newsletter.

First off, let me state what I see as our challenges to economic growth:

VT has a demographic problem. We are an old state and getting older. By 2030 1 in 4 Vermonters will be over 65 (including you and I). The majority of educated young Vermonters leave the state to find careers--my children included. Our population is not growing, but is getting older, fast. Associated with these demographics is Vermont's poverty problem with almost 30% of our population covered by Medicaid.

Aging has an impact on job growth: as people retire they leave the job market and this reduces the labor pool and state revenues. Our economic growth is less than 1% compared to 2-3% range for the rest of the nation. While VT is realistically at zero unemployment, we are not growing jobs. We are possibly at peak employment of 300,000 jobs in 2015.

It also means our health care system is very expensive compared to other states due to aging and poverty. This situation presents a real risk to the state's financial future whether a health care system is supported by expensive premiums or taxes, or both, to offset high levels of Medicare and Medicaid coverages. This is especially dangerous as the federal government dials back it's support of Medicare under ACA. The All Payer Waiver may make this worse not better.

The solutions? The answer lies in retaining educated young Vermonters and attracting new young people to relocate here to reverse our demographic trend. How can we do that? I have some ideas:

We need to make college education for Vermonters at VERMONT institutions much less expensive than going out of state and urge those students to stay. This means re-focusing and streamlining VSAC (which has become a bloated bureaucracy) and getting more tuition money in the hands of the students to attend our institutions of higher learning. It doesn't need to be free, but the cost to the student needs to come down considerably. We can do this by offering an in-state student loan package that can convert to a grant if the graduate remains and works in VT in their field of study after college for 5 years. We had an opportunity to do this in a significant way with the tobacco settlement money in 2005 but didn't. Research indicates that where a student lives in the years following college are where the student will likely remain for many of their working years.

Some of our workforce training programs are ineffective or unaccountable. The reason is that relatively few Vermonters take advantage of them, partly because potential participants age out into retirement or disability. Job training should be focused at the high school level. Some who have pursued a degree at state expense do not choose to work in the field of study or work at all. We have phantom students at CCV whose tuition is being paid by the state through AHS programs and they don't show up to class after the first week. Now, that's not CCV's fault, but as a taxpayer I don't think that's an effective use of the state's money which would be better used to support serious students. I am suggesting we lack controls on some of these expenditures to ensure the desired outcomes.

VT is unlikely to attract another IBM or other large, multi-national employer. We are however, an incubator for small technology businesses if the owner wants to live here. The new economy business owner is from a different generation. They value options or choices in life and the education of their children is of prime concern to them. A small but visible trend is that these people are relocating here in small numbers to towns where school choice is available. The real estate values in those towns have fared better than the state as a whole for this reason. Opening up public school choice state wide would help all our communities in this way. No matter what the state decides regarding education reform this must be a part of the package in order to maintain faith in our public school system and improve options for parents and students. It would also allow schools within a region to specialize which would be very exciting. Some children have individual needs that may be best met at another school. It's the correct thing to do and would provide a real draw for our state.

Our current health care premiums are a discouragement to younger citizens because the premiums are much higher than other states for the same coverage and young persons pay as much as someone who is 60 years old. We do need to reform health care, but everything the state has done increased costs not reduced them, and limited choices. If VT were to transition to the federal exchange and expand the community rating bands to those allowed under ACA it would bring down the cost for young Vermonters. Make the exchange voluntary so we will have choice and BCBS can maintain its market. Long term...offer financial incentives for wellness and disincentives for unhealthy lifestyles. The younger generation (think Vitamix) would respond to this initiative and help support our agriculture at the same time.

How do we set the stage to grow our economy?

We don't need to be the lowest tax state, but we definitely need to dial back from where we are. The state budget needs a serious haircut. Education costs must be reduced in order to moderate the property tax burden. We need better accountability for our state tax dollars. It's time for metrics. All that's a tall order and I'm not telling you anything you don't know.

Creating a more effective state government is imperative.

A significant take-away from my 2012 campaign were conversations with mid-level state employees who were disgusted with a lack of accountability in state government operations. They told me high level managers and political appointees were not accountable and 'could not be found in their offices afternoon on Fridays'. That's a real morale buster and if the managers aren't accountable it has impacts on staff. It indicates the state lacks internal controls on timekeeping issues and possibly management decisions. State employees shared many stories like that with me as a candidate due to their frustrations.

To improve the poverty problem we need to be serious about helping people spring from the safety net. The 'cliffs' for benefits are big and not well-thought out. A single mom who really wants to stay employed and succeed may need child care subsidies rather than other types of assistance, yet the state may discontinue the childcare subsidy instead; the state's policies aren't always geared to support people in the best way and encourage accountability. The state should not aid nor ignore substance abuse through lack of control or oversight on benefits. Citizens expect the state to manage these programs effectively for the greatest good. I don't believe that is being done as some state funds are diverted to substance abuse and children in affected families are not being cared for. The poverty cycle is not being broken under current policies. It has worsened with more Vermonters falling into it than avoiding it. The large budget increases for AHS over the last decade tell you that. Entrepreneurs will not be attracted to a state that has a high percentage of people in poverty.

Act 250 needs an overhaul to achieve permitting in reasonable time frames. When it takes 6 months to get a permit to expand a parking lot for a growing manufacturer in an industrial park (with an existing Act 250 permit) there's a real problem. When adjoining neighbors or other parties can realistically stall or shut down development of small commercial property that could be good for a community, grow jobs or creating tax revenues that's wrong. I've often thought the way out of that drawn out appeal is to let the town citizens simply vote on it rather than continue with a slow and costly process like we have today. Wouldn't that be democratic?

So those are my thoughts and priorities as a citizen. Thanks for listening.

With Mr. Shumlin's political stature weakened you have a great opportunity to enact positive and fundamental change for the good of the state. I hope that you will do so.

Wendy Wilton
802-770-0743

Wendy,

With this commentary, I'd suggest that you've thrown your hat in the ring as a candidate for governor two years from now, and I'd vote for you. Full disclosure: we've been good and close friends for many years and have worked together on a number of projects, political and otherwise. I may be biased in your favor, but as far as I'm concerned, what you have written below is as clear and sensible an agenda for progress in Vermont and as sensitive an approach to the improvement in the lives of all Vermont residents as I've been privileged to have read from any statewide political or governance individual since I moved here almost twenty-five years ago.

If Shap doesn't take and act seriously on virtually all of these suggestions in the current biennium, he is either foolish, stupid or ignorant and not worthy of serving in his legislative leadership capacity. I certainly hope that the others members of the General Assembly to whom you've copied on your email to Shap, also seize the opportunity to push your suggestions in their committees and, more generally, in their caucuses regardless of the parties to which they may have pledged their political allegiances.

Most particularly, you have addressed many of the most important political and economic challenges facing our state and, by using your common sense as a priority over just your political acumen, which in itself is very sharp, your proposals are right on target and, as I hope everyone can agree, strictly non- or bi-partisan.

Well done, Wendy! Now, let's see what happens.

Ralph

Mr Speaker:

I was copied by Wendy Wilton re:the fine letter she sent you. You have a golden opportunity here to get this state on a footing that is sustainable, and more important affordable until business aand industry can come back in to re-claim some of what has been lost.

It won't happen on it's own, it will take tax cuts and other incentives for starters.

As intelligent as you and others are, it is amazing to me that some of these things that Wendy has alluded to have not been discussed publically before now. The principles and basics of economics haven't changed as much as some people would like us to believe; economics is a lot like the laws of gravity, but some have to learn the hard way every so often.

I am in FL as I write this, and I can tell you there is an economic boom here compared to VT. I am not suggesting that VT become like FL, but there ought to be a way to strike a happy medium aand still maintain the VT as I have known it all my life.

I have travelled a lot in the South, and I may end up staying here if things do not show a sign of changing real soon.

Wendy is absolutely correct, don't use your energy to fight her points and positions, use it to point us in a direction that will mean something other than more debt and more taxes. I've had enough of that.

Jim Hall
Center Rutland 05736

Dear Mr. Speaker,

My name is Scott Genzer and I am an entrepreneur based in Norwich. My business, Genzer Consulting, is a education tech start-up that aims to use “big data” and cloud computing to help students learn.

I have met several similar people in the tech start-up world including those in “tech incubators.” Not a single one had considered locating their new company in VT. When I tell them that here in Windsor County we have super-fast internet (EC Fiber), excellent schools for their very young children, reasonable property values, and a state that supports renewable energy, they are very excited and eager to consider VT. But they have NO idea that VT has all these things. VT is not even on their radar screen.

It used to be that tech start-ups needed to be in Silicon Valley, Boston or similar, but this is no longer the case. High-speed internet allows us to do video conferencing and other similar communications. There is just no need to be anywhere near expensive housing. Furthermore central VT is about an hour by plane to either Boston or NYC, 1 1/2 hrs to Burlington, and I am a three-hour, very pleasant bus ride directly to Logan. And of course young tech folks like the outdoors (hence why their in northern CA) including skiing, hiking, etc...

Furthermore, I believe that start-ups would strongly favor a single-payer health care system due the logistical burden that it would relieve from micro-sized businesses. We just do not have the HR power needed to support employees and their health care plans. I would much rather just pay higher business taxes than deal with getting employees health insurance.

Hence my idea is as follows: turn central VT into the next tech start-up “silicon valley.” Go around to all tech incubators and get the word out that we want tech here in VT. Advertise on github and other tech developer websites. Offer start-ups free connections to EC Fiber and a 5-year business tax holiday in order to get their business started if they purchase property and promise to be here for longer (you won’t collect much tax revenue on them anyway as they generally do not make much money in the first few years). This costs you very little, and you gain jobs, young kids, and highly educated people into your state. Tech start-ups are very low-impact on the environment and in fact desire renewable energy options. They also like cold weather if they have on-site servers as it reduces cooling costs.

Anyway that’s my idea. I am happy to be a VT tech business and feel that there could be many more.

Respectfully,

Scott Genzer
Scott@GenzerConsulting.com

Mr. Speaker,

Here are my ideas for improving Vermont's economy (not in any particular order):

1. Reduce state income taxes so we are not among the highest in the nation. In fact, proudly establish the goal of making Vermont among the top 10 LEAST taxed states in the country within 5 years or less.
2. Reduce property taxes so we can afford to live here with a halfways decent quality of life.
3. Reduce spending on social programs to reduce dependency and increase initiative (i.e., less help is more help)
4. Repeal Acts 60/68
5. Reduce the amount of Vermont's unfunded liabilities.
6. Reduce the gas tax, and change it so it doesn't automatically increase every year. You people seem incredibly perplexed at why our gas prices are so high; I suggest looking at the outrageous gas taxes you force us to pay.
7. Make Vermont more business friendly so companies actually want to come here instead of racing each other to leave
8. Make Vermont more tax-friendly to retirees. You can be sure if I haven't abandoned this socialist paradise within the next 10 years, that I will certainly do so when I retire. Believe it or not, there are lots of nice places to live just like Vermont, except the quality of life is much higher because people actually get to keep what they have earned. If you don't think people vote with their feet, then just look at Vermont's laggard population growth. Unless there are changes, I and my hard-earned income will join the fleeing flock to more tax-friendly havens.
9. Eliminate Vermont Health DISconnect and join with other states to fight this man-made catastrophe and human rights debacle
10. Never ever, and I mean ever, re-visit the stupidity of single-payer.
11. From a philosophical point of view, I'd suggest:
    a. Care more about the taxpayers than about those on the dole. YOU PEOPLE IN THE LEGISLATURE NEED SPINES. But the taxpayer revolt is coming if you don't act. As you well know, it has already started.
    b. Create a schedule with specific dates and specific numbers for reducing the number of Vermonters on the dole. I know you think everyone needs taxpayer money, but they don't. It's the old adage: people always show up when something is free. The more you have freebies (at taxpayer expense) the longer the line gets for it (accompanied by fraud and waste)
    c. Don't put social programs on life support funding; eliminate the identified programs entirely.
    d. Term limits for legislators to address the fact that many legislators are there for their pet projects rather than for Vermonters. This would be helpful for Vermont's long-term economy.

Over the years, I have provided these suggestions to my own clueless state representatives (currently Ms. Pugh, Ms. Head, Ms. Townsend, and Mr. Lalonde), but they are only interested in squandering and redistributing what I've earned and place no value on the taxpayers except as a source for funding for more useless programs. My impression of you is pretty much the same, but you publicly asked for input so I have provided it.

Have a nice day, and I look forward to seeing some or all of my suggestions passed into law.

Allen Roberts
South Burlington, VT

Second to Ralph's notion. A quick response for 2015 is A) to revisit the Governor's message vetoing the Legislative Budget from 5 years ago. If his recommendations had been incorporated, we would not be having this year's discussion. And B) take whatever steps required to eliminate automatic pay escalators for public employees. Even keeping a level budget for several years would resolve many of our fiscal issues. All the other stuff can be worked out later.

A lot of people in Vermont think that it is about time for this state to look into having casinos in this state. Casinos=employment=tax dollars, a lot of these tax dollars are now going to NY,CONN,CANADA,RI MAINE,and in the near future NH, and Mass. Maybe it is time to stop trying to tell us that casinos are not for VT. because they encourage gambling. What do all the scratch off tickets do? People are going to these other places and could just as well be leaving their tax dollars in VT. not to mention all the out of state revenue that we are missing. I suggest that we put at least two casinos in VT., one in the Killington area and one in the Jay Peak Area. Again I state CASINOS=EMPLOYMENT=TAX DOLLARS. Whether they are state run or private run tax dollars will still be generated. Please consider mine and many others who have this concern. Do we want to keep sending our money to other places?

Dear Speaker Shap,

You asked for ideas for economic development and job growth from the public. I am sure you will receive all kinds of complicated proposals. I have a simple one:

"Apply sales taxes to purchases made on Amazon delivered in Vermont."

I am building a new craft supply store in Essex Junction called Captain Duck (I live in Rep Donovan's district in Burlington). As I ramp up investment, hiring 10 or so people, paying Vermont vendors, paying Vermont property and labor taxes now and sales taxes soon, it is striking how unfair the Amazon sales tax issue is to Vermont businesses. Normally I wouldn't consider a tax proposal good economic development, but something has to be done soon about Amazon. Businesses like Captain Duck (or Price Chopper or even Wal-Mart) are putting in all of the investment and providing all of the benefit to the state while Amazon free-rides on our infrastructure. Leveling this playing field will help Vermont's private sector that sells taxable goods.

Three thoughts:

1. There was some discussion earlier this year about Amazon pulling their Affiliates program. Having a tech entrepreneurship background, I have worked with this program extensively. It is awful to its participants. Deep in the terms of the program agreement, Amazon states that they will not pay the commission due if a user clicks a single link on their site before actually buying. So the payments Amazon makes are tiny - the program is a financial sham to everyone except Amazon. I am confident one physical retail location like Captain Duck adds more to the state in business and taxation than all of Amazon's Affiliates in Vermont combined.

2. The legislature would have to work on legal ways to tax Amazon. I personally know of people working for Google and Twitter in our state, and I bet Amazon has employees here. Even if they don't, a serious effort needs to be made to establish they have a nexus with their website that will hold up in a lawsuit.

3. Using Vermont's population percentage of the nation as a rough gauge, a sales tax on Amazon would bring in about $12 million a year to the state in 2016, and more importantly, level the playing field for all of us working here.

I encourage you to eliminate Amazon's free-riding for the benefit of business and employees in Vermont.

Dan Cunningham
Founder
Captain Duck

I read in our local paper how you are looking for ideas on creating jobs. I left my job to start my own business called Bottle Returns on Wheels. We are the only mobiel redemption center I know of. We have a stationery redemption center in Saint Albans and a bot truck that is set uplike a redemption center in the back. We cover Franklin County and have customers like Smugglers Notch, Kotos Japanese Steakhouse, local Country Clubs, Perrigo, Harrison Concreate, local camp grounds, local bars and about 5 schools for bottle drives. We keep growing by word of mouth and feel we can share what we have got going for us with others. I feel we have a hula hoop idea but lack the marketing part of it. It would also help to expand the Bottle Bill to water and wine bottles.

We look forward to hearing from you.

Sincerely,
Todd Lawyer
Bottlereturnsonwheels@yahoo.com
802-752-7289

Hello Speaker Smith,

I just wanted to voice my support for Cooperatives as a path to economic growth and security for Vermont. A small design/build firm, we at TimberHomesLLC are excited to be exploring this structure for our own business and from all that I have read about this kind of structure, it brings wide ranging benefits both to those involved and the communities they touch.

I encourage you to use Vermont's State Government to support the growth of cooperative businesses here. I'm grateful for the Vermont Employee Ownership Center's help as we pursue this path ourselves and appreciate that the state has chosen to support the organization.

Thanks, Josh Jackson

--

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Date: January 25, 2015
To: Speaker Shap Smith
From: Paul Ralston
Subject: Economic Development and Prosperity in Vermont

Thank you, Shap, for making economic development a priority and for asking for suggestions. I have spent 38 years in business in Vermont and the last four years serving on your Commerce and Economic Development committee. Through those experiences, I have formed a few core opinions on the role of government in commerce, especially the limited role the State can play.

My overall premise is that, in Vermont, only private capital can grow the economy, and private capital seeks a reasonable return on investment and wants to avoid unnecessary risks. Our state is too small, and our economic condition too weak for the State to play any meaningful role in the development of growth capital.

I have two specific recommendations for capital formation and growth:

1. Reform Vermont's 'licensed lender' regulations.

Business relies on two forms of capital for growth: equity and debt. The "venture capital" (equity) movement in Vermont is growing, but our deals are still small, and it is difficult for entrepreneurs to attract out-of-state capital. (See item 2. Below)

"Venture lending" is a growing area of capital formation. Deals that don't meet commercial debt underwriting standards may still be attractive for venture lenders. The higher rates charged by venture lenders act as a built-in 'but for' clause; entrepreneurs who can qualify for commercial debt do not need to pay higher rates. I have personal experience of entrepreneurs selling significant shares of their companies to finance inventory – a desperate, short-sighted strategy – because they can't borrow from commercial banks. Vermont's angel investors are aging, and many don't have the time-patience required for an equity investment to become liquid.

Vermont's licensed lending laws basically prohibit business-to-business lending of amounts between $75K and $1 million – the sweet spot for small entrepreneurs. This policy can be changed in a way that capital formation is encouraged without exposing lenders to 'blue sky.'

2. Develop the "Gold Standard" of a 'crowd-funding' regulatory regime for small equity investors.

Vermont is famous for its highest standard of regulatory regimes in the captive insurance industry. That high standard promotes business confidence and alleviates uncertainty. The result is a vibrant, profitable business sector the envy of the world. We could capture a similar position (and the regulatory revenue) in the fast-evolving 'crowd-funding' arena.

Crowd-funding is an exciting opportunity for small investors to participate in the growth of new industries, but it is fraught with uncertainty from both good actors and bad. The Federal Securities and Exchange Commission is promulgating rules for crowd funding exemptions from certain securities laws, but it will stop far short of defining a regulatory regime that could be called "the gold standard." That opportunity is open for Vermont to seize.

Implementing these two initiatives would be viable steps in demonstrating Vermont's commitment to the development of private capital for economic growth.

The State can and should encourage investment where possible; it should also avoid policies that discourage investment and damage the economic psychology.

In order to foster a positive economic psychology, it is important that policy makers avoid demonizing business, denigrating the profit motive, and stigmatizing economic success. Policy makers should also be careful not to create unnecessary uncertainty for investors and business owners. Uncertainty is the enemy of growth. Regardless of your position on 'single-payer,' the uncertainty that was created and festered for four years undoubtedly had a negative impact on business psychology and investment in Vermont.

Social programs – particularly 'safety net' programs – should be debated and promoted on the merits of their benefit to society, not on their purported benefit to business. Social safety net programs should be funded with the broadest base of tax revenue. For example, the proposed increase in Medicaid reimbursements (which I support) should be paid by all Vermont tax payers not just employers as has been proposed. To sell this increase as "good for business" rather than "good for society" is misguided. Similarly, to suggest that paid sick time should be mandatory because it is also "good for business" shifts the societal cost of this important policy away from the public and onto employers. Such tax policies will never be seen as good for business.

Business people generally know what is good for their business, and generally they seek benefits other than bottom line profit. In Vermont, where a business model permits, the vast majority of businesses provide compensation that includes various insurances and flexible paid time off. Some sectors of Vermont's economy – like retail and hospitality – will always be challenged to pay enhanced compensation; it's just the nature of cross-state and internet competition.

The 'single-payer' journey presents some lessons for policy makers. A big part of the sell was the promise of huge benefits to business. Interestingly, many in business, while supporting the goal, were skeptical of those promises, and in the end, the facts proved them right.

In conclusion, as an employer for nearly four decades, I have come to understand that the vast majority of people simply want a good job close to home. There are two parts of this idea: a good job and a home. Vermont is a bad place for a long commute. Long commutes contribute to climate change, subject workers to weather and road hazards, and erode the "Vermont Dream."

Vermont is doing a good job of linking its limited state funds to the creation and retention of good jobs. Several programs – most notably, the Vermont Training Program – explicitly promote this policy. Venture-lending and crowd funding are two policy initiatives that will attract private investment to supplement limited state resources.

We can and should do more to promote good housing for Vermont's workforce. Again, with our limited resources, we are doing the best we can on the "affordable housing" front; that is housing that is income sensitized and subsidized. But, there is a real need for housing for folks earning good salaries (Recent surveys underscore this need). The State can promote economic development outside Chittenden County through encouragement and simplification of residential development in the village and town centers of our rural communities. Again, this effort is fully compatible with promoting venture-lending and crowd funding as means for attracting private investment in these rural communities.

January 27, 2015

Senator Jane Kitchel
Senator Joe Benning
Representative Kitty Toll
Speaker Shap Smith

I am a Lister for the Town of Danville. There is a lot of talk every year about the budget shortfall and how to raise more revenue. There are two programs that are huge and yet nobody wants to talk about them; The Current Use Program and the Property Tax Income Sensitivity Program.

According to the Vermont Department of Taxes 2014 annual report, in 1980 (first year of program) there were 120,000 acres enrolled in the Current Use Program and in 2014, 2,412,096 acres. At least 50% of the land in Vermont is enrolled in the program. The program also includes 1,879 parcels with farm buildings valued at $272,374,020 that are exempt from taxes. The report calls the 56.7 million dollar cost of this program a "saving to enrolled landowners". It is really a tax shift from property owners who are not eligible for the program to those who are.

The School Property Tax Income Sensitivity Adjustment is a 167 million dollar (FY14) program that is also a tax shift from property owners who are not eligible for the program to those who are.

I offer the following suggestions for these two programs:

Current Use Program

I think we need a current use program but the existing program is out of control and needs to be scaled back. A lot has changed since 1980 and the program needs to be updated.

1. Increase the dollar value of all enrolled land to at least $500 per acre. The current values have had minor changes through the years but have essentially remained the same and are totally unrealistic.
2. Increase the minimum acreage to 50 acres.
3. Make the program off limits to out of state owners.
4. Eliminate the exemption for farm buildings. Why shouldn't farm buildings be taxed just like everyone else's outbuildings?
5. Make these changes and let current enrollees opt out without penalty if they wish.

School Property Tax Income-Sensitivity Adjustment

There are 1582 parcels in Danville and in 2014, 240 of them received prebates totaling $635,283. Four of the larger prebates in Danville are Joe's Pond properties. One of the Joe's Pond properties is appraised at $515,800, a property tax bill of $9,702, and a state payment of $6,108. Property owner pays $3,594. I feel that if anyone has money enough to afford a half million dollar waterfront year-round property on Joe's Pond, they should be able to pay their property taxes without help from taxpayers who don't own waterfront property.

The existing property tax system in Vermont is a Lister's nightmare. Every year we have to send out several revised bills because of late filers for residency or income tax late filers. Danville tax bills were sent out in July and taxes were due October 25th. Our last revised bill was sent after the first of December. If there is a change in the bill and the taxpayer has already paid, the Town Treasurer has to cut a check to reimburse the taxpayer.

I think the income sensitivity program should be eliminated. It's a property tax and not an income tax and the most predictable and stable of all the taxes. Tom Pelham, former tax commissioner, states that the property tax rate could be reduced 20 cents if the income sensitivity program was eliminated.

Another thing that I think should be eliminated is the dual residential, non-residential tax rates. This requires a tremendous amount of paper work for all parties involved and is discriminatory. We are taxing non-residents and businesses at a higher rate and they have no vote on how the money is spent. It seems to be much easier to raise the non-residential rate than the residential rate. I suggest that the income sensitivity program and the dual tax rate system be replaced with a flat amount ($50,000? I don't know the correct amount) that all Vermont residential housesites are reduced upon the property owner filing HS 122 each year to prove residency.

I have no idea how much it costs the State of Vermont to administer this complicated property tax system. The State needs to stop looking at new sources of revenue and pay attention to how much is being shoveled out the back door. The above opinions are mine and not necessarily those of my fellow listers or the Town of Danville.

I also think that the cost of education needs to be addressed and it has to start with the number, salaries, and benefits of teachers. This is the largest expense (75% to 80%) of every school budget. It is ridiculous that the highest paid teachers in Vermont (South Burlington) can go on strike and close the school for a week. The NEA is running our schools.

Sincerely,

Tim Ide

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Housing and the Economy: The Statewide Ripple Effect

The fifth and final in a series of papers demonstrating the value of affordable housing for people and communities across the State of Vermont

Photo credit: Sally McKay

In 2008, the bottom fell out of the economy, and the much- touted housing bubble burst. As happened with firms around the country, at Naylor & Breen Builders, a Brandon-based construction company founded in 1978, business took a hit. Until that time, says president and co-founder Rob Naylor, close to 85 percent of their business was negotiated work, but in 2008, "it was like someone turned the spigot off," and those jobs plummeted to zero. Yet the company managed to stay afloat, thanks in large part to the affordable housing renovation and new build projects with which they had long been involved, work whose funding sources—grants and tax credits—were unchanged.

"The jobs that pulled us through were the ones in the pipeline for these affordable housing projects," says Naylor. "They didn't get shut off, which helped tremendously." And with some 80 carpenters, demolition professionals, finishers, and field technicians on staff, Naylor & Breen is a significant area employer, with a hand in some 50 affordable housing projects since the early 1990s, when it was the contractor for a scattered site project coordinated by Housing Vermont in Rutland.

Construction is perhaps most visibly affected by the housing industry, but many other sectors are as well: real estate; law; architecture; lumber mills; lighting, heating and plumbing equipment manufacturing and installation; and brokerage firms, to name but a few. Indeed, the overall economy is affected, from the local on up to the national level. Both new construction and rehabs mean increased tax revenues for local and state government. Thanks to an ongoing ripple effect, area businesses—grocery stores, bars and restaurants, auto repair shops and gas stations—along with public transportation providers will also be impacted directly. It's significant, given that the effect is greater for every dollar spent on housing than for just about any other spending category.

In Vermont, housing brings something else to towns and cities: renewal. In downtown Brattleboro, the Canal & Main project established 24 mixed-income rental apartments on two floors over the Brattleboro Food Co-op's retail store, thereby injecting new vibrancy into the downtown area. In Springfield, another mixed-use project revived a structure in the heart of town: a multi-theater cinema, commercial space, and nine units of affordable housing in a building that had been damaged by fire in 2008.

And in Morrisville, the Lamoille Housing Partnership and Housing Vermont are deep in the renovation of the former Arthur's department store, creating housing for a broad swath of individuals at various socioeconomic levels in 18 apartments, including four that are handicapped-accessible. Two large commercial spaces were created on Main Street and the entire building underwent a transformational facelift. It's part of a revitalization effort in Morrisville that will eventually reroute traffic and change the entire ambiance of its downtown.

In the shorter term, the $5.5 million Arthur's renovation has meant jobs, and plenty of them, along with spending on materials and related costs. Jim Lovinsky, executive director of Lamoille Housing Partnership, says more than 12 engineers, architects, attorneys, funders, and others were involved from the outset. Some 30 contractors, engineers, laborers, and trucking and waste management personnel were responsible for environmental cleanup, and construction called for 50 or so carpenters, electricians, plumbers, HVAC contractors, painters, masons, and landscapers. Many are part of the local labor pool, and all routinely spent money on food, gas, and other supplies.

A TIAA-CREF Asset Management report published in September 2013 estimated that a full housing recovery won't happen before 2016 or 2018, but observed that even at that time, the "old relationships between home values and spending [were] beginning to resurface. The implications for the economy are significant, both in terms of the direct impact on growth and the wide-ranging ripple effects that this all-important sector is capable of producing."

And produce, it does. The largest of Vermont's nonprofit housing organizations, Champlain Housing Trust, uses 750 vendors a year and generates $90 million worth of economic activity through its property management, development, lending, and other mission-driven activities. And even smaller housing nonprofits have a tangible impact: for every ten apartments they develop and operate in a community, twelve construction-related jobs are created and three local jobs are sustained. Windham & Windsor Housing Trust's work alone has brought in some $60 million in state and federal funding to southern Vermont.

A food co-op in Brattleboro, a movie theater in Springfield, and the revitalization of Arthur's in the center of Morrisville are all examples of housing being a lynchpin to economic development.

In 2010, the most recent year for which figures are available, NeighborWorks Alliance of Vermont noted that every new homeowner contributed approximately $40,500 in economic benefits to the state. In addition, homeownership affects intangibles, increasing participation in civic organizations, local government, neighborhood safety groups, and parent-teacher organizations.

Perhaps the greatest benefit that doesn't come with a dollar figure is the rejuvenation of buildings that have been a part of Vermont's history since the days of Ira and Ethan Allen, along with a collective reawakening of sleepy downtowns that not so long ago were little more than places to pass through on the way to somewhere better. They're now facing futures with younger populations, new jobs, stronger economies, and greater housing options.

Others in this series can be found at: http://j.mp/CHT-publications

For more information, contact Chris Donnelly at Champlain Housing Trust by calling (802) 861-7305 or Kenn Sassorossi at Housing Vermont at (802) 863-8424.

Housing and the Workforce: A Place to Hang One's Hat

The third in a series of papers demonstrating the value of affordable housing for people and communities across the State of Vermont

With a commitment to products that are made with rBST-free and organic milk, operations based out of a LEED-compliant facility powered in part through alternative energy, and a website decorated with the markings of a Holstein cow, Brattleboro-based Commonwealth Dairy is the picture of Vermont wholesome-ness. In business since 2011, the dairy's staff has grown to 130 employees. Of those, 20 are temporary or temp-to-hire, positions that are filled by two ends of the spectrum: recent high school graduates and people in their 40s who are stuck in entry-level positions, changing jobs only by switching companies.

"They're making the choices between housing and medical" and other costs of living, says Angie Timm, vice president, finance and administration, of Commonwealth's roughly 40 employees who support their families through production work. Many have turned to state-supplied insurance and make ends meet by staying with extended family, while others are living nearby in affordable housing built by the Windham & Windsor Housing Trust.

"It has an impact when people are worried about where they're going to live," says Lisa Falcone, Working Bridges project director, "and that's a big issue for a lot of workers in Vermont." Managed by the United Way of Chittenden County, Working Bridges is an employer collaborative focused on workplace productivity, retention, advancement, and financial stability for employees.

Falcone says she's spoken with the human resources director at one area company that pays a generous entry-level wage but has a perpetually open, technically skilled position. The HR director has told Falcone that she can't find anyone to take the job because prospective employees are deterred by the cost of living in general and of housing in particular.

It's an issue that's felt by companies and their employees statewide, and at multiple income and skill levels. Heather Banks, former senior director of human resources at UTC Aerospace (formerly Goodrich), the Vergennes-based manufacturer that employs 850, found it difficult to hire mid-level professionals from out of state because many were unable to find rental housing, whether for 30 days or a year. Banks says it was equally challenging to lure semi-skilled technical workers down from the Northeast Kingdom and elsewhere, for essentially the same reasons

At first glance, actual employment numbers seem positive, with unemployment at its lowest statewide since 2005. But that doesn't show the whole picture. It does not, for example, take into account part-time and temporary workers or the underemployed—those working of necessity below their skill level because they can't find an appropriate job. That was underscored in the spring of 2014, when personal income taxes collected by the state came in below forecast, and by the latest Census data, which show that Vermont's median household income slipped two percentage points between 2012 and 2013, to $52,578, while the poverty rate rose 1.2 percent, with 74,058 Vermonters living in poverty. Overall, the state's population is aging, and workforce numbers are dwindling.

In some parts of the state, the affordable housing options are so limited that competition is stiff. Going to see an apartment or calling a potential landlord necessitates time away from a work, and can become almost as time-intensive as a second job.

For women who are the sole or primary wage earners in their households, the wage gap—with Vermont women paid 85 cents for every dollar earned by a man doing the same job—is a chronic stumbling block. The affect on the workforce is significant: in 2014, women headed 24,231 households in the state. Women also make up 60 percent of the state's minimum-wage workforce, which means that they will feel the increase in the minimum wage that will be phased in by 2018. But even that will top out at $10.50 per hour—still well below what is considered a livable wage.

But there are bright spots. Vermont's housing nonprofits and housing authorities have created a web of affordable rental properties in virtually every community in the State. And Vermont housing organizations have pioneered an affordable homeownership program that counts over 1,000 homes in total, and is being copied in countries and cities around the world.

Lisa Jensen, WorkingBridges' resource coordinator, says one Chittenden County company has contacted her to learn how it might help its staff members who want to purchase homes, acknowledging that housing is a helpful tool in employee retention. And employees themselves— people who not so long ago were using Section 8 rental subsidy—are asking for information about becoming first-time homebuyers, recognizing that once they're over the hurdle of a down payment, they will pay less in housing costs as homeowners than as renters. They've heard through word of mouth from friends and coworkers about opportunities including Champlain Housing Trust's Shared Equity Program, as well as other incentives through USDA Rural Development and the Vermont Housing Finance Agency's programs, among others—the kinds of assistance that can help them find a place to call home.

For more information, contact Chris Donnelly at Champlain Housing Trust by calling (802) 861-7305 or Kenn Sassorossi at Housing Vermont at (802) 863-8424. Others in this series can be found at: http://j.mp/CHT-publications

Dear Mr. Speaker:

Thank you for your solicitation for input, “to create a business environment that fosters sustainable, good paying jobs that reward employers and workers alike”. Below please find our guidance on the matter:

Taxes:

In our opinion, it is unlikely that businesses will choose to locate in VT with our current tax structure, one of the highest in the US. If we do nothing to mitigate this issue, any sustainable progress on economic development will be very difficult. Most business leaders in Vermont understand that reducing taxes will take time, but the business community must be persuaded that the State is moving in the right direction. Other states are doing so with considerable success. Another important matter is the issue of estate taxes. A number of states are reducing or eliminating the estate tax to entice business owners and job creators to stay put. We too, should work to keep their wealth at home, in Vermont.

Energy:

Another issue is the cost of energy. Historically, we were in relatively good shape with most of our energy coming from nuclear or hydro - both low cost carbon free sources. With nuclear now gone we can look forward to higher costs which is a big negative for many businesses. We should try to buy as much hydro as we can and do what is necessary to gain access to low cost natural gas. Many of the issues important to business like job training and energy efficiency can most cost effectively be handled by business but only if the tax burden is competitive.

Business Unfriendly Legislation:

We also advise against pursuing business unfriendly legislation such as significantly increasing the minimum wage or mandating paid sick leave. Let the free market sort this out. It is in most businesses self-interest to pay competitive wages and benefits especially with the declining workforce we have in Vermont. If business fails to offer competitive wages and benefits they will fail to attract and retain employees. If the State insists on implementing business unfriendly legislation it will fail to attract and retain employers. Proper balance needs to be encouraged.

The Reality of the Global Marketplace:

Lastly, it is important to keep in mind that most businesses do not have the luxury to raise prices in a competitive global marketplace. Indeed, our company is constantly battling price reduction demands from our customers. To successfully grow our business and create and retain good paying jobs, we must have a competitive cost position. We simply cannot pass on higher costs to our customers.

Thanks for listening.

Sincerely,

Brenan Riehl

President & CEO

GW Plastics, Inc.
239 Pleasant Street
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Brenan.Riehl@GWPlastics.com

First Name: George
Last Name: Schaefer
Email: gsschaefer@gmavt.net
Address 1: 2135 Roxbury Mountain Road
Address 2:
City: Warren
State: VT 05674
Phone: 802-583-1220
Message:
The Governor is proposing another tax, in this case a payroll tax. This is another policy that is destined to fail. We all know that it is not possible to get blood from turnips. Similarly, there simply is not enough wealth being generated in VT to support the current level of taxation, much less this new payroll tax – or anything else.

Of the total non-farm jobs in VT, only 48,100 goods-producing jobs (construction, manufacturing, etc.) are creating any new wealth. The larger number of government jobs, 53,900, are wealth sinks – neither generating new wealth nor contributing to the VT economy. The vast majority of jobs, 259,800 service-providing jobs, don't generate any new wealth, they simply stir it around.

There will never be a base for sustainable taxation until the State changes its attitude toward business. Vermont has relatively low unemployment, but has a dearth of good paying (manufacturing, technical) jobs. Forbes rates VT as #47 in being friendly to business; #45 in business costs; #47 in regulatory environment. Companies are leaving VT instead of coming. IBM paid another company $1.5 Billion to get out from under their Burlington facility. Good paying companies are running for the doors!

American Legislative Exchange Council rated Vermont's 2014 economic outlook as #49 of the 50 states. It is no wonder that there is no money to tax… If the state government would cut business taxes and regulations, better jobs would be available for you to levy taxes upon. Whether you are the most left leaning in the Legislature, or the most right, you need a sustainable economic manufacturing base to support your priorities.

Have any input? If so, please advise me by return.

George J. Schaefer
2135 Roxbury Mountain Road, Warren, VT 05674 gsschaefer@gmavt.net

Dear Mr. Smith,

I am an artist and writer, among many many others in our wonderfully creative state.

In economic development discussions rarely does the creative sector get mentioned, except as a quality of life plus for Vermonters,and visitors, often in a self-congratulatory vein.

However, it is very hard to sustain a livelihood, artists must scramble, and much of the time support comes only or primarily from out-of-state.

I would like to see Vermont support their artists in a tangible way. I propose a state-wide 1% of state and/or town projects going toward art, that would be built into the project. If there is no way to include art in the project itself, it could be put into a fund allocated for *public* art projects.

Thank you for "listening."

Best regards,
Arlene Distler
Co-founder of Write Action
Brattleboro, Vt

1. develop project criteria that focuses on:
   a) renewable Vermont natural resources such as forest, water power, stone, appropriate agriculture
   b) projects that are realistically sustainable such as hemp products, dairy industry etc.
   c) projects that create products that can be consumed in the closest markets such as Vermont, Albany SMA, Connecticut valley,
   Boston, Montreal etc. Products that don't rely on national and international transport
   d) projects that create products that will always have a market e.g. cheese, furniture, building materials, toilet paper

2. establish a central tecnical/school center for the development of regionally useful trades and skills; a significant research and
   development center to train people for all the purposes and careeers that support the above development ideas. The school itself
   becomes a living, working model of all the ideas/ideals of sustainabilty. Totally regenerative design, student and faculty work
   contributions, energy independent etc. Might develop revenue streams from out of state tuitions, patents, saleable products.
   School itself is an economic engine as well as driver.

Dear Speaker Smith ('Shap'),

You probably best know me as the Democrats' Chair for Windham County. But we don't know one another well. I would look forward to getting to know you better and working with you on mutual concerns.

I have been a seasonal Vermont resident since the mid-1960's, and moved here permanently, year-round, in 1991. I started out in Halifax, VT, not far from where I live now in Brattleboro. Now semi-retired (very reluctantly so), I have had careers in arts administration, capital fund raising, social work and social services, and as a performing musician.

I have a good head for business, math, and economics, plus a philosophical 'bent'. Life has taught me that it is an endless realm of possibilities, and I have used that form of optimism to help our local community (Brattleboro) for over a quarter century now. I've been involved in the inception of a handful of projects that you may have heard about: the Latchis Fine Arts Center initiative, the River Garden, the Transportation Center, Vermont Independent Media ('The Commons'), in these mostly as a self-prepossessed 'fountain of ideas' that I was sure would go somewhere; ideas whose time had come, as it were. But perhaps I am proudest of my years of public service, while working for the State in the mid-1990s, in creating and organizing most of Windham's Restorative Justice initiatives.

You are asking now for more such ideas, and it is time we connected on this level. I'll be copying local Brattleboro area legislators on this letter, because I want these ideas more broadly known. These ideas build on our strengths and past successes, as you will see.

Building on one current strength, one which I see as undiminished but still full of possibilities, I am proposing a new multi-disciplinary fall arts and cultural festival for the Brattleboro and Windham County area. Partly because I want to reach across the 'artificial divide' (boundary) of the Connecticut, I would like to call this festival 'Fantastic Wantastiquet'. As you know, this is the name of the mountain just across the river from Brattleboro. But since Wantastiquet is also the ancient name of the West River valley area, it encompasses most of Windham County, and in a sense includes as well the area immediately surrounding its most prominent geographic feature, Mount Wantastiquet.

There may be some possibilities in building the Festival idea through the third phase of the Town of Brattleboro and Arts Council of Windham County's current 'Our Town' grant, generally referred to here as CoreArts. This phase calls for the disbursement of some remaining balance of the grant's funds. I am proposing that the new 'Fantastic Wantastiquet' festival project be empowered (through social and political consensus) to mete out those funds in small-to-modest grants to artists and arts organizations within the next eight months, the remaining term of the grant. This would more than satisfy those at the National Endowment for the Arts and related organizations who want to see such funds used in the most efficacious way possible for community-building types of economic development.

During the grant's second phase, I had the opportunity of merging the databases of the Town of Brattleboro's business license holders and the New England Foundation for the Arts. In so doing, I discovered very persuasive evidence that fully 25% of Brattleboro's economy is directly involved with the arts, whether as artists, arts organizations, or businesses which cater to and supply the arts as well as other enterprises. We are a community with a vision for ourselves, and this vision has a lot to do with our ascendancy in the area of arts and culture over the past half-century.

The second idea has to do with a dormant industry which I think should be revived here: the commercial manufacture of quality wooden furniture. We had this once, in the form of the Templeton company whose factory was on Flat Street before the Cersosimo family firm bought the property for their kiln operation. I have in mind not the cheaper kind of furniture such as that sold by Ikea, etc. (which probably helped kill the domestic industry), but a very high quality of product such as you will see at the Vermont Woods operation in Vernon. Here too I envision a project with three phases: (1) the creation of a badly-needed larger display space in the downtown Brattleboro area for artisan wooden furniture; (2) a decision-making process, assisted by these artisans and existing producers, regarding designs that might be commercially successful; and (3) the inception of a new factory operation. I don’t need to tell you that producing wood products is traditionally one of Vermont’s strongest points, and it is an area where the Windham County area has lost ground to those producing cheaper products elsewhere.

The third idea is one I may once have mentioned to you. With the Legislature’s having brought about the new Colleges Collaborative here in Brattleboro, including the new downtown presence of Vermont Technical College in the Brooks House, I am hoping and praying that the time may be right for a new series of academic offerings, put forward through the Collaborative, perhaps even eventually becoming its own entity similar to Western MA’s Five Colleges Consortium. Some of these new majors or concentrations could be in technical or manufacturing areas, like the initiatives with Vermont Tech, those in existence now and those newly proposed (one of my sons is involved with the GS Precision one). In communicating over the months with others, I see the possibility that new coursework could be offered in the education field, including what my good friend Douglas Cox has proposed in a 2013 ‘white paper’; a major or concentration in arts education (for teachers of art, music, dance, etc.). It would be nice if folks from this area didn’t have to go to the major metro areas for such training, wouldn’t it? We have almost all the necessary talent right here to make this a success. New organizational architectures and economies may also evolve for the health care industry, so badly in need of a ‘revolution from within’.

But dearest to my heart, since the ‘epiphany’ of my professional life working in Restorative Justice, would be creating what I call John Woolman College of Active Peace. As you know, Restorative Justice is the law in Vermont now, due to our successes in creating RJ approaches known the world over. But Restorative Justice is only part of a larger thing; something I call (in several published works) Active Peace. This is composed of peacebuilding (sustainable economic development is part of that), peacekeeping (best done through the accompaniment and support of the vulnerable, and speaking up for those without political voices of their own, as with a group I am familiar with called the Nonviolent Peaceforce), and the area which encompasses Restorative Justice, which is called Peacemaking. There is more than enough wisdom and acumen here in this area for Vermont to take the lead in effectively co-opting and transforming the criminal justice system into a system based on healing and recovery instead of punishment. I believe majors and concentrations should be designed and developed for police and corrections folks in particular; these might even become the ‘cash cows’ of the new effort. The best way to curtail the epidemic of police violence in this country, particularly against minorities, is to teach police and corrections folks that fear is everyone’s worst enemy … that conflict can most often be transformed; that there are almost always nonviolent options. The only way this works, however, is when growing numbers of people discover, usually partly experientially, that it does work. Nevertheless, the teaching of theory and familiarization with the plethora of success stories and successful methods which are 'out there' will help immeasurably. I personally believe that only when CJ folks know the reality of being 'peace officers' will we make the idea that Restorative Justice 'is the law' a reality in Vermont and the USA.

I have many other ideas you might possibly be interested in. But these are a start. And I believe their logic is flawless; they are extrapolations of current or past trends, combined with a certain vision for a better society which gives each of them a very solid case for their support. I am prepared to go to work full time, and more, to make any, or all, of them happen. But I'm tired of just trying to 'talk them up'. In fact, I am entreating you to help me do this. I very badly need a modest livelihood. Do you know any way to put me to work – as we Quakers say, 'release' me – to do this kind of work? I'll follow through with any suggestion you provide.

Sincerely,

John V. Wilmerding
MBA / Arts Administration (SUNY Binghamton '81)
(currently working as a substitute teacher with WSESU)
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CC: Governor Peter Shumlin, Legislators, Senators

I know you asked for suggestions a few weeks ago and I have been quite busy and have not gotten around to writing but the snow today gave me some impetus.

In 2006, the legislature created two commissions – thee commission on the next generation, chaired by Bill Sanger of Jay Peak and the Commission of the Future of Economic Development, ultimately chaired by Bill Krnnolin of Rutland (there were two other chairs for a short period). We met for three years and were budgeted about $250,000 over the three years. I was on the commission. We met with the Economic Development authorities in every area of the state and held hours of hearings and meetings. Ultimately we made several recommendations to the legislature and the governor.

The Sanger report was met with great enthusiasm and a lot of press but our commission, which met for a much longer period of time (by design) reported to a big void and a lot of silence. I won't repeat our recommendations now, some six years later but we all learned a lot and some of what we learned may be valuable.

1. Our State cannot compete with the likes of New York or some of the southern states which give massive grants and tax holidays to companies who relocate to their states. Yet, we cannot do nothing, this flies in the face of many of the populists in the legislature but opening avenues for tax savings to new or expanding companies are generally revenue positive to the state.
2. Our best opportunities for economic growth lie with companies that are already here. They need to be loved and cared for.
3. Entrepreneurship and family businesses are vital to Vermont's economy. We need to find ways to nurture and grow these businesses. The University of Vermont can play a vital role in this process, by the way. The Dean of the School of Business Administration is a great asset to small business. They have great programs in Entrepreneurship and Family Business and I would hate to think that we are training aspiring entrepreneurs to live elsewhere. Dean Sharma's wife, by the way, Professor Dita Sharma is a recognized expert in family business and holds positions in three universities, including UVM.
4. Our State Colleges and our private colleges should also be encouraged to play a role in the economic growth of the state.

Those are just some of the ideas we had but they are a start.

Dave

David Mount
802-343-9796 (Cell)

Speaker Smith,

A Proposed Strategy for Economic Development in Vermont
- Ideas for the Speaker of the House -

Context and Summary

Currently, there is a groundswell of interest in economic development in Vermont – it's about time because the needles aren't moving. This proposal offers fresh, innovative thinking, and a strategy to broaden and accelerate the growth of Vermont's economy. There is no magic bullet, no quick fixes, but we must change our approach to be more successful: more forward thinking, coordinated initiatives, funding, sponsorship, and program management. The key to this is to build a broad-based, lasting coalition to improve and evolve to a more robust economy and shared prosperity, organized as a private public partnership – fact-based, nonpartisan, action-oriented with invest-to-test capacity. This effort could be spearheaded by an economic 'champion' as was envisioned by the Next Generation Commission.

We offer practical steps to improve – new business formation, retention, growth, affordability, workforce education, and business policy – and evolve the VT economy. In particular, we believe that finding and supporting the growth gazelles – and almost-gazelles – has the best chance to drive/enable business growth, job creation and economic development at an accelerated pace. These emerging companies are under-served by state agencies, business associations and VCs, for reasons we explain. We propose a private public collaboration to implement key shifts in the approach to economic development. Among them:

- Make it a habit to take stock of and learn from the most successful economies.
- Clarify, simplify, tie together, strengthen, and better coordinate economic development planning, policy and programs among state agencies. Use the Neale Lunderville, post-Irene model: put a person in charge with a mandate to coordinate.
- Shape an actionable plan to **improve and evolve** the economy that honors our past and fits our intentions – "*one foot in the pasture and one foot in the future*"
- Track its progress, results in a balanced scorecard of key transparent metrics.
- Build a calling program to understand the needs and wants of business segments.
- Raise the EITC. End the benefit cliffs that hamper paths out of poverty.
- Use prevention strategies to reduce health care costs, thus reduce the cost shift.
- Shift to an income-based educational funding system, so that people will focus on increasing incomes more than on creating jobs.
- Focus, invest and build more capacity in the existing sectors where we have asset-based competitive advantages, in growing markets with people earning above-median wages. Start with an all-in plan to develop the clean tech cluster. This year.
- Update licensed lending laws, expand access to capital and create innovative ways for Vermonters to invest locally so more businesses can thrive in their communities.
- Invest broadly, creatively, differently to train, improve, and enlarge our workforce.
- The economic world rewards action. Create a think-do institute where good ideas turn into initiatives with the results and learnings to accelerate economic growth.

1) The Situation

By any measure, the Vermont economy is thin and fragile. A top-level look reveals:

- A $100 million state budget deficit caused by spending that has outpaced revenue since 2010. The 3 percent annual growth in tax receipts has not kept pace with state spending at 5 percent. Gov. Peter Shumlin has said the state must "right-size the ship." One result is that the incentives and sources of public funding for economic development are contracting and under continuing downward pressure;

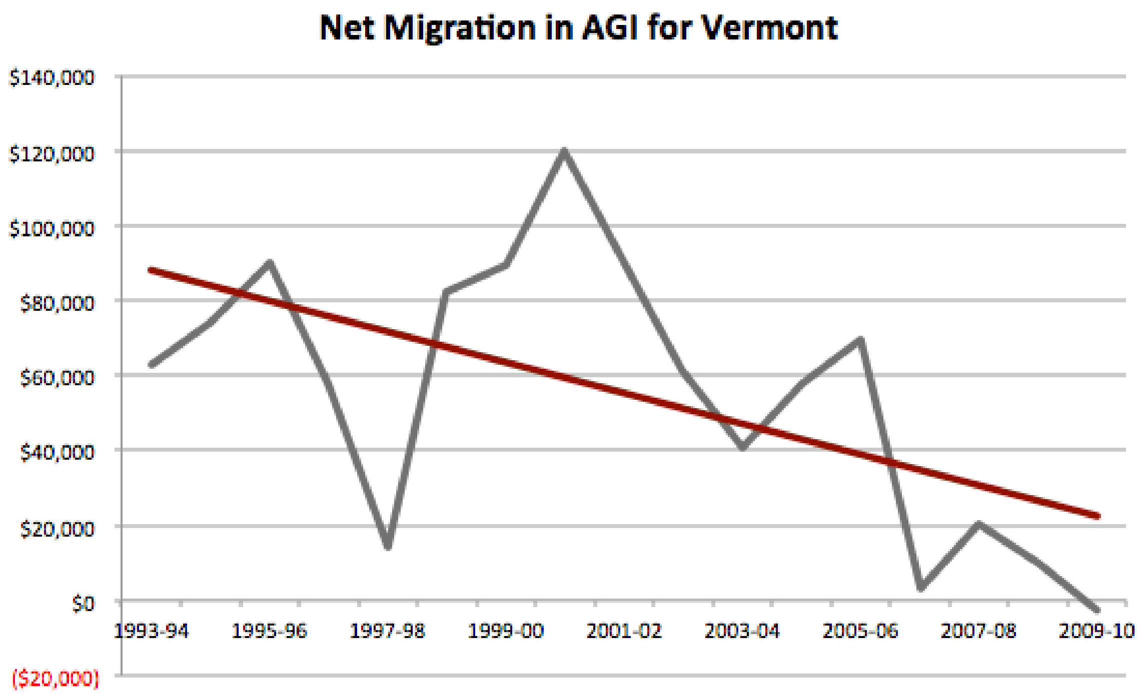
- Vermont simply hasn't recovered from the recession. The sputtering economic recovery is evidenced by a shrinking workforce and stagnant job growth;
- New business formation, and access to capital for entrepreneurs continues to be a challenge. Business start up activity is very robust in some parts of the state, very quiet in others, but overall, loan applications and funding levels at EDA, VEDA and VEGI are down (applications by about a third) from pre-recession levels.
- Foreign sales of manufactured goods accounted for 73% of state exports in July 2014, down 21.4% from July 2013. That degree of decline suggests that it's more than just currency fluctuation in play. We are doing less manufacturing and in a more service-centric economy, and with a shrinking workforce, it's almost impossible to grow an economy if you aren't exporting;
- The wind seems to have gone out of EB-5, once thought to have great promise. In fact, some key initial investors are in litigation, and a degree of trust has been lost.
- An observed continuing trend of more companies leaving than coming here. The latest as of this writing is a manufacturer in Lyndonville. (ACCD, the State Agency for Commercial and Community Development doesn't track net gains/losses of companies.)
- Vermont is the only state in the nation that saw a drop in housing prices for single family homes in the four quarters leading up to winter 2014, according to the federal Housing Price Index.
- Rising education property taxes juxtaposed with declining pupil numbers - 20% fewer students in the public school system than a decade ago, but property taxes up at least 20% over the same period.
- Adjusted for inflation, median household income in 2013 was the lowest in 10 years. As in other parts of the nation, a very small set of high-end incomes are up, (eg the "1%" group) but most everyone's is down.

This was described in a recent paper by Campaign for Vermont:

> Affordability—the cost to live in Vermont is among the most pervasive issues that all Vermonters face. Heating oil prices in Vermont are 12th highest; propane prices rank 4th; natural gas prices rank 8th;[24] gasoline is in the top 10[25]; the cost of residential electricity is the 7th highest[26]; food prices are nearly 25% above the national average; rents are above the national average[27]; property taxes rank 3rd as a percentage of income[28]; and the "Total Tax Implication"[29] ranks us 10th. Vermont's disposable income per capita is ranked 20th at $40,900 - over $6,000 below the New England average.[30] Some of our high costs relate directly to public policy. Some to geography. Some to economic density. But, making the State more affordable (or affordable relative to other northern states) should be a primary goal of our government.

On the wage side, look at the job ads in any issue of Seven Days, scan the open jobs and see how many of them offer compensation above the Federal Poverty Standard for a family of four.

The following chart reveals a downward wage trend that doesn't bode well for a consumer economy, the tax base or the local investment pool for business capital.



It's not that there aren't positive things happening in the economy. (see, for example http://accd.vermont.gov/business/strategic_planning) But these are bright spots in a bleak storm. It's as though the resilience and generative dynamism has been squeezed out amidst pervasive downward pressures. Will a maker's fair jump-start adequate product innovation? Will Road Pitch draw enough potential entrepreneurs out of their barns and garages? Will a $4 million flexible capital fund renew the forest products sector? Many of the positive things, such as low unemployment are true, but they mask offsetting problems such as stagnant growth and low wages, rising addiction and poverty, less discretionary spending for a consumer economy. Average wages are above the national average, but property taxes and costs of living are far above the national average - among the highest in the nation – so is the net discretionary income adequate to fuel a consumer economy? Evidently not, judging by the recent personal income data – and the projections for falling personal income for the next three years.

We seem to be chasing the economic truck downhill and may soon (or perhaps already have) hit the economic wall. This juggernaut can't be fixed by tweaking things here and there with cuts and taxes – it requires a much deeper dive, fresh thinking and a socio-economic transformation such as the Nordic countries have achieved. (see later section)

We Need Clearer, Better Thinking

Historically, government has been the central source of policy and funding for economic development. But the two-year term of governors, the episodic stutter-step or excesses of government funding, ideological fantasies and lunges from the right or the left, one-off projects versus generative initiatives and the disconnects between public and private sectors – which thrive at very different certainty settings and clock speeds – are all problematic for economic development policy. And then there's the $100 million budget problem.

The current fiscal year's General Fund budget started at roughly $1.4 billion, but was cut by $31.3 million in August after the state's economists downgraded Vermont's revenue forecast. These lowered-revenue expectations are exacerbated by other pressures:

- $16 million in one-time funds used to cover about half the rescission

- More than $10 million from higher costs of salary and fringe benefits from the Pay Act
- About $7 million to cover reduced federal cost-sharing for Medicaid
- $2.5 million in retired teacher health care costs (which previously were paid from the pension fund)
- Increased pension contributions based on actuarial recommendation to try to correct chronically underfunded pension liabilities
- In January, Jeffrey Carr, the Shumlin administration economist, and Tom Kavet, the legislature's economist, downgraded the General Fund revenue forecast for 2015 by $10 million and the forecast for fiscal year 2016 by $18.6 million.
- A smoldering tax revolt, prompted by broad-based anger about rising property taxes, even as the student population continues to shrink.

At this point, we can't cut our way to prosperity – and we can't tax our way out of this budget hole either. As Winston Churchill once said, "A nation to try to tax itself into prosperity, is like a man standing in a bucket, trying to lift himself by the handle." We need to grow our way to a sustainable future – but how?

If there were an unlimited supply of funds and resources, making choices would be a minor aspect of economic development. But that is not the case, and the government sector finds it politically impossible to say no or to be deliberately selective. If there is any intentionality in its sector investment priorities, it is certainly the stealth variety - the list is virtually everybody. And in keeping, the political custom is to spread funding around to many parties – so the peanut butter gets spread too thin to have much impact; a well-intentioned, but ineffective approach if the goal is economic impact.

There is a recently completed CEDS strategy, but without these incisive choices expressed in sharply-focused goals, and reflected in the investment spending decisions by VEDA, VEGI, etc, an implementation plan, resources to carry it out, and a program office to manage it, results remain doubtful. In fact, the CEDS strategic plan was really described as a prerequisite admission ticket for Federal EDA grant-seeking rather than an actionable strategy. So State government is seeking Federal funding, but it's not evident how the CEDS plan is clearly geared to the kinds of regional, technology-based, cross-sector, research and innovation-oriented initiatives that EDA has been focused on funding in the last ten years.

We need better, clearer thinking – everywhere.

Shaping a Different Approach

In 2014, the Governor mobilized the state around its drug problem – now it's time to mobilize it around its economic problem. (As James Carville was apt to say: "It's the economy, stupid.") We believe it's time to make five key shifts in emphasis.

1) First, the business sector needs to step up, work with public and private sector partners to lead economic development efforts. It's too important to be left to legislators and agencies. Business needs to be the change it seeks – not just carp about taxes, workforce or how adversarial agencies are in permitting, however much truth there may be. For its part, state agencies need to embrace business as a partner the same way that nonprofits like the Environmental Defense Fund have. There is a higher and better way. This is about getting the right people engaged, and shifting the patterns of interaction toward better results. Together, we need to play a bigger game. Leadership will be key.

2) Second, the approach needs to become more systemic, integrative and generative. Instead of spawning or supporting a variety of projects (with the peanut butter spread too thin among them), we would be better served by organizing and coordinating three related but different, and more sharply-focused initiatives: one for company (or talent) acquisition and retention; one for promoting new business formation and entrepreneurship; and one for helping existing businesses grow, expand and scale. It's difficult to discern such intentions or the relative priorities on the ACCD website, or in the recently completed CEDS plan.

3) Third, it needs to become more sharply focused on priority sectors, regions and value chain opportunities – specifically where we can compete based on assets, in growing markets, export and benefit from above-median wages. It is impossible to put enough tourists through Vermont, or provide enough support services to make a dent in the $100 million budget deficit, or raise the median wage 5%. That doesn't mean we don't support tourism, or shouldn't provide services – it means we don't count on these to play a major economic development role – or focus much incremental investment spending in those areas. It would be a breakthrough if we could agree on a set of criteria for investment spending - such as on initiatives where we can compete based on assets, in growing markets, benefit from above-median wages, with multipliers that ripple across the Vermont economy. Much broader thinking than just looking at the DCF-based, risk-managed economics of project X.

4) The fourth shift involves changing some tribal customs. We tend to react to bad news by circling the wagons, denying, decrying facts or issuing puff pieces, instead of looking in the mirror and facing reality. As an example, we sit between two states, New York and New Hampshire, both with very competitive business climates. In New York, it's "Locate here, expand here or start a business here and pay no taxes for 10 years." Our reaction was: "Read the fine print." Which probably caused people to look into New York before Vermont!! We will not be able to compete in kind with those incentives, but we surely need to find a distinctive, sustainable competitive advantage.

We typically reflect our New England independence by encouraging independent efforts. As a result, we have spawned a plethora of people, plans and programs which pull in many directions, sometimes at cross purposes, but almost always inefficiently and out of sync. Sometimes commissions are created, and their recommendations are ignored, as though they didn't pick the politically correct answer. As a result, it seems to take years and years, multiple blue ribbon panels, at least 5 or 6 special studies and independent assessments to convene the parties and catalyze improvement. (See for example, the Next Generation Commission report, 2006 http://www.leg.state.vt.us/reports/06Nextgeneration/Next_gen_Report.pdf) There is a continual equivocation – things never seem to get bad enough to mobilize actions that would really move the needle – so we are on a path where the underfunded things that are done aren't systemic, connected or generative – it just isn't good enough to create a vibrant future. The world now moves faster than this – and we are competing with well-conceived, well-led, well-funded efforts. If the outside world is changing faster than us, the end is in sight.

5) Fifth, we need to rationalize and align roles, responsibilities, metrics, programs and accountabilities for economic development, beginning with ACCD, and extending to the myriad of groups with their paddles in the economic development pond.

A recent paper by the Campaign for Vermont observed:

“Economic Development under the ACCD has suffered a long-term neglect — funding has declined from 17% to 12% of the state budget between 2002 and 2015. It has suffered from a lack of support during a time in which human services and education have absorbed large amounts of tax dollars — 39% and 14% increases respectively since 2009. Further, the Commissioner of Economic Development position sat unfilled for eight years. ACCD’s decline is a good proxy for the state of economic policy in Vermont.[34]

Currently the state resources aimed at economic growth are scattered across the landscape of state government, thwarting a common focus and coordinated effort toward success. Absent such synergy, many opportunities for small businesses go undiscovered and get lost among the stove-pipe system we now have. This disarray of state efforts could be addressed by an economic ‘champion’ as proposed by the Next Generation Commission. This individual would lead a group of experts on economic development responsible for coordinating all facets of economic development within the state of Vermont with the goal of creating shared prosperity for all Vermonters.

To dedicated students of state government, the following list of “stove pipe” service centers and associated recent financial information in support of economic development might seem rational, but to most folks outside government it’s a confusing and time absorbing maze.

Vermont Economic Development Authority (VEDA)	Total assets $208.6 M
Vermont Sustainable Jobs Fund (VSJF)	Budget of $587,000
Agency of Commerce and Community Development (ACCD)	Budget of $41.7 M
Vermont Employment Growth Incentive (VEGI)	Tax Incentives of $29.2M
Working Lands Enterprise Initiative (WLEI)	Budget of $1.425 M
Vermont Housing Financing Agency (VHFA)	Total assets of $620.2M
Vermont Housing Conservation Board (VHCB)	Total assets - $153M
Efficiency Vermont (EV)	Budget - $41.4 M
Vermont Clean Energy Development Fund (CEDF)	Budget of $5.5 M
Vermont Office of Economic Opportunity (OEO)	Budget of $5.8 M
Vermont Training Program (VTP)	Budget of $5 M
Vermont Workforce Development Program (WDP)	Grants totaling $350,000
Vermont Center for Emerging Technologies (VCET)	Capital Fund of $5M

Many of these entities support overlapping initiatives. For example, VEDA invests in agriculture and energy efficiency, the VSJF supports the “Farm to Plate” program and the Renewable Energy Atlas, the VHCB sponsors the Vermont Farm and Forest Viability Program, the WLEI invests in “agriculture and forest based business,” EV invests in efficiency savings for agricultural facilities, businesses and residential facilities while OEO as well invests in home energy efficiency, and the CEDF invests in renewable energy generation. The state is decommissioning Vermont Yankee, they have a state energy plan, but has not tied it to economic development – even though energy is one of the highest costs of virtually every business in Vermont. It’s time to tie together, strengthen and accelerate the work to create a sustainable economic future.

As part of this, ACCD needs as much renewal as AHS. Creating a one-stop-shop for our small businesses, starting with the Secretary of State’s website and tying in with regional development efforts, will provide essential tools to small business owners. Additionally, creating a common application for all state funding and grant programs will streamline the process for small business owners and give them better access to state resources. We’re a small state with few financial resources; we need to focus those resources. That’s the only way it can have an impact.”

Moving the Needle

Here is a characterization of the shifts in thinking / emphasis / approach we see as essential to get on a path to a sustainable economy:

From	**To More**
Government Funded Efforts	Public Private Partnerships
Legislation	Sector Building
Jobs	Discretionary Incomes
Broad: Spreading the Peanut Butter Out to Many	Focused: Building Competitive Advantage in Growing Markets
Programs and Policies	Think-Do Experiments for Results and Learning
Funding Projects	Implementing Generative Initiatives
Political Boundaries	Clusters, Regions and Value Chains
Tourism, Resource-Based Economic Branding	"One foot in the pasture, one foot in the future" (A new vision / brand of an evolving economy)
Grants	Self-Funding Collaborations
Start Something New	Make Better Use of Readiness and Assets

The north star is a:
Robust, Competitive, Growing Economy
Vibrant, Attractive Quality of Life
Healthy, Happy People
High Wage Jobs, Savings & Investment

…..With a balanced scorecard of (illustrative) top level metrics and their trends, tracked and reported transparently.

More people and more companies coming into the state than leaving it
Exports up
Rising capital investment … $1 billion incremental capital investment by 2020 is a CEDS goal, and a worthy one.
Rising State Domestic Product per $1MM invested …. capital productivity
Government trending toward a smaller % of GDP
Higher median wages
Unemployment less than 4%, with AGI growing faster than inflation
High scores on the happiness index
Clean water, a clean Lake, clean tech, clean food

A New Framework for Economic Development – Getting to the Brass Tacks

We do not have a common language and framework for economic development. Here is one we think covers the right territory:

Workforce Talent Supply & Education
Affordability
Innovation & Collaboration – R&D for Evolving the Economy
Supporting New Business Formation and Entrepreneurs
Growing Existing Businesses – Finding the Sweet Spot
Creating Results and Learning – The Think-Do Institute

Recruiting – Once upon a time, ACCD actually advertised in airplane magazines to attract companies looking for new locations. We have no business trying to recruit companies until we clean up our business climate issues: specifically taxes, regulations, and workforce development and education. In the near term, we would do better to recruit serial entrepreneurs, people with an existing Vermont connection, or suppliers who already do business here. We could try a supplier-targeted recruiting initiative, and concentrate on attracting suppliers who already have business connections here and would like to do more business here…. and pursue their relocation here through value chain initiatives ….. while rethinking what we want businesses to deal with in an economic policy for the future sense.

WORKFORCE TALENT SUPPLY and EDUCATION

The business community has complained for years that they can't find qualified people in Vermont to fill the jobs they have open, or the jobs they need to expand.

This is a complicated problem with many inter-related pieces. Some of the main components are:

1) "We can't find qualified workers" (unspoken…."for what we are willing to pay them") In my humble opinion as a former VP of Management and Workforce Development for a Fortune 500 firm, and a 25 year general management consultant, I am generally underwhelmed by what I see that VT businesses have done (and not done) by way of workforce development. When I ask, mostly what I hear are excuses for inaction, based on the underlying fantasy that the public school system should hand them a trained workforce…. a "plug and play" people plan. Companies' training and development budgets as a percent to sales are appallingly low. That's not to say that the public school system is a finely-tuned system for producing waves of competent, workplace-ready candidates. It's not. In fact, in a broad-brush sense, what schools supply, and businesses need are on more divergent paths.
2) In many cases, job specs are overstated and wages are lower than in many other states. Just compare say, job ads and salaries for sales people, web developers, project managers, etc. in Burlington with those in Boston, Austin, Boulder, etc. As a result, here, over qualified people are more likely to be hired into relatively more junior positions, but under paid - thus blocking entry points, or advancing steps for the incoming or upcoming workforce …. So they wait tables, or leave.
3) Evidently, some 40% of Vermont's high school graduates do not go on to further 2 or 4 year programs – nobody really knows what happens to almost half the entry level workforce after high school graduation. Also perplexing, nobody seems to think it's their job to find out. Who owns this? DOL? DOE? ACCD?
4) Businesses and the public school system don't see each other in a customer-supplier relationship. Virtually no internship programs exist. Guidance programs aren't viably connected to companies' workforce needs and thus can't realistically inform students about career opportunities – positions, pay, preparations, potential paths, day in the life scenarios – especially in the State's growing and emerging economic sectors. Businesses don't forward their HR staffing and planning projections anywhere in the school system, if they do them at all. Business people aren't typically invited to rotate through teaching roles to bring "day in the life" realities to the learning curriculum. Too few public school teachers have ever worked in a business. Businesses haven't tallied up their most prevalent and prized certifications and sourced out the Vermont supplier schools – and the schools haven't asked either. Schools don't track where their graduates are hired, how they perform or advance, or even what they do after graduation. They're more focused on mapping skills and standards in curriculums but not on their practical use in tangible certifications. DOL, ACCD and DOE are not often found in productive collaborations, or co-located in local offices. We could hardly create more separate silos. It's time to change this.
5) The process for helping to coordinate the business sectors' needs for hiring, training, advancing, right-sizing, retooling and restructuring workforces is at best ad hoc. Could anybody use people with military training, nuclear engineering, or a manufacturing company leaving Lyndonville? With a sector screaming it can't find qualified people, why is there not a talent management exchange? It's what big companies do with dislocated workforces……

Suffice to say there's plenty of opportunity to improve – on both sides of the ball.

Here's the key starter-step solution: try this http://www.aspeninstitute.org/policy-work/economic-opportunities/skills-americas-future/models-success/ibm

Ask Global Foundries to help drive it in a private public partnership.

(Note: The new idea from the Governor and Dan Smith to pump new students into an engineering technology degree is exciting and commendable – a clear step in the right direction. Engineering technology is a critical need – so are software and web development, clean tech, etc. PTECH is already a proven solution. Let's not reinvent the wheel.)

Learn from, expand and adapt this gazelle by gazelle, cluster by cluster…. so that supply maps to demand – no occupational constipation allowed.

Don't dismantle the public school system or the liberal arts to professional services careers pipeline. Just don't expect it to meet the practical employment needs of today's businesses – that's not what it's designed to do. And the entrenched bureaucracies have proven unable to change things, well enough, fast enough, affordably enough. So leave the public school system to improve and right size it by actively managing down staff ratios and administrative costs – lockstep with student populations.

Meanwhile, build out, strengthen and refine the workforce education pipeline, a la PTECH. Stop thinking of these as either-or …… we need both.

Finally, and in a continuing theme of learning and innovating more efficiently, and doing more forward thinking, we should look at and learn from what other states are doing. For example, we could take a page from California, where middle and high school students are required to take a week of outdoor, experiential (hands-on), science-based education each year. With this kind of market, a set of science learning centers and a business has sprung up around the state to service this demand. We could do this – why not ask VYCC, the tech centers and the state's key STEM-centric businesses to get together and do a pilot version – this summer. Fits the branding idea of "a foot in the pasture, and a foot in the future." They are seeding their future – we should seed ours.

AFFORDABILITY

The key goal is to increase discretionary income for low income and middle class in ways that are generative, meaning they fund some type of economic expansion or take down some chronic cost burden. Putting more money in circulation will begin to spark and sustain the spending that drives a consumer-driven economy. Here are some thoughts:

-Put money in peoples' pockets with a higher EITC. End the benefit cliffs that hamper the pathways out of poverty.

-Pass a modest gas and carbon tax and use proceeds to invest in very aggressive energy cost reduction / renewables expansion / electrification of the transportation system. We have benefited from an unforeseen drop in oil prices. Now it's time to get ahead of the curve and keep driving energy costs down…..a major expense for every Vermonter as we move to a cleaner energy future.

- Affordable housing is a huge obstacle to economic development. In Chittenden County, the state's healthiest economic region, renters pay an average of 68% of their after-tax incomes for rental housing. That's not sustainable. It's primarily a supply and price competition issue, partly an unintended consequence of over-managed development…beyond the scope of this paper, but central to improvement.

-Legalize recreational marijuana and dedicate the revenue proceeds to reduce costs of high quality early child-care, increase tuition subsidies for community college, support Medicaid funding, etc.

-Reduce the property tax burden by shifting to an income based funding system. Shift to an income-based educational funding system, so that people will focus on increasing incomes more than on creating jobs.

Affordability and Business Sector Health Care

The goal is to reverse the upward pressure on health care costs in VT businesses, improve workforce health, and move toward a more cost-efficient new health care system. Here are some thoughts:

-Stop underfunding Medicaid – move the payment threshold up 10% this year, another 10% next year, etc. very predictably. Like clock work. But how?

-Change provider payment practices from fee-for service to outcome-based reimbursement systems and move aggressively toward accountable care, and prevention health practices.

-Instead of adding another nick via the payroll tax, shift to prevention strategies which are always cheaper than care. Design and deploy a health and wellness program that many, many VT businesses can engage easily on a plug-and-play basis to place more emphasis on prevention, wellness, nutrition, for their employees, etc. This could be organized and administered by a private public partnership of business organizations like the Chamber, VBSR and delivered by health, nutritional and fitness professionals. Make this a voluntary program of course, but with very strong and immediate financial incentives to participate – and implement it well. Let businesses take a small tax break to offset some up front cost – but let them keep most of the savings. In other words create a strategy to help businesses save money by doing something smart for their workforces, and the greater good. This also adds to a forward-thinking, healthy living brand that fits with and benefits the whole State. Accept the likelihood that hospitals will have to learn to deal with reduced revenues. Spend less this way rather than raising the ante on everybody.

- A number of Vermont companies are already on this path – and we can learn from them. Casella and Rhino Foods come to mind.

-Next year, roll the health and wellness program down to public high schools for participation by students and faculty.

INNOVATION & COLLABORATION WITH A TWIST: R&D for EVOLVING VERMONT'S ECONOMY

We can't keep milking the same cow forever. We know this in Vermont.

Like Denmark and its Nordic cousins who reached the limits of big government in the 1980s, Vermont's government budget has swollen to try to provide services that its state economic system (and the Federal funding pipeline) can't support. One in five Vermonters work in the federal, state or municipal sectors. We aren't doing as well as we must in managing service effectiveness and efficiency, funding the pensions, managing health care costs, making government work better. We've spent more than revenues – and revenue forecasts continue to come down because the economy is sputtering. As Bill Schubart has pointed out, we need to go on a diet. But how?

The Nordic countries seem to have cracked the code – they now have universal health care, childcare, free education through college, thriving, innovative economies, and balanced budgets. The corporate tax rate is down. Their business sectors are thriving. Citizens are broadly happy with the services they get and the cost to serve – their taxes. As illustration, here are some specifics from Sweden:

Sweden has reduced public spending as a proportion of GDP from 67% in 1993 to 49% today. It has also cut the top marginal tax rate by 27 percentage points since 1983, to 57%, and scrapped a mare's nest of taxes on property, gifts, wealth and inheritance. This year it is cutting the corporate tax rate from 26.3% to 22%. All with universal health care and free school tuition through college.

What did they do? How in the world do they afford that?

The Economist published a special report in February, 2013 on the renewal of these Nordic countries. We should learn from them.

http://www.economist.com/news/leaders/21571136-politicians-both-right-and-left-could-learn-nordic-countries-next-supermodel

There are many things that the Nordic countries have done – far beyond the scope of this paper and the Speaker's request for ideas - but these are absolutely relevant to our situation:

"what to do when you reach the limits of big government to fund extensive social services and how to organise society when almost all women work. And the Nordics are coming up with highly innovative solutions that reject the tired orthodoxies of left and right."

Here is a specific suggestion. Create a special, graduate level Governor's school - a post doc for MBA and MPA graduates, cohorts of business and agency leaders, etc. - to seek out and learn from what other regions, states, countries are doing.

- Create a nomination/application, screening and selection process for a 16 - month executive-style, while-you-work program for public and private sector citizen leaders. Pay a stipend and make it an honor to be selected.
- Start in September with a series of briefings on the state of our State, a top to bottom, thoughtful, balanced, data-based look at reality.
- Then look at the Nordic countries. Develop a learning exchange and journey process to understand, and see for themselves, what this transformation has involved. Be guided but not constrained with what is learned there.
- Have them prepare and make recommendations to the legislature in a special set of strategic meetings held in September, October, November – in time to inform legislative proposals for the next session.
- Hire them as possible to help implement what they recommend.
- Debrief, reflect, and plan improvements for the next annual cycle, maybe looking again at Scandanavia, maybe not.

SUPPORTING NEW BUSINESS FORMATION and ENTREPRENEURS

Thanks to the sustained effort of key people, firms and organizations, there is already considerable effort being made to support new business formation. We must do this well. We're good, we can be better.

A recent **national** study by Gallup revealed that:
"Until 2008, startups outpaced business failures by about 100,000 per year. But in the past six years, that number suddenly turned upside down. There has been an underground earthquake. As you read this, we are at minus 70,000 in terms of business survival. The

data are very slow coming out of the U.S. Department of Census, via the Small Business Administration, so it lags real time by two years."

Evidently we are seeing the same pattern in Vermont as new businesses have been going under faster than new ones are being created. SBA loan applications are down about a third from their pre-recession levels. Perhaps the more recent data, eg 2011-2014, will show a positive uptick. But there is much activity now being directed at reversing this, supporting a very active business start-up scene. Road Pitch, Launch Vermont, Start Up Vermont, VCET, VT SBDC are all supporting new business formation. These will take time to have impact, but clearly there is a well-recognized need and active effort underway. Recently Burlington was cited as one of the best cities in the US to start a business.

Three areas we can almost always strengthen are: access to capital, education/mentoring of entrepreneurs, and networking events. Without question, as compared with many other states, our licensed lending laws are very conservative and so we are missing out on the innovative investment activity that happens in other states. And it's why our entrepreneurs consistently cite access to capital as a competitive weakness. Please contact Cairn Cross, Managing Partner at Fresh Tracks Capital who can wax eloquent about specific ideas for this.

We've begun some changes along these lines with VBSOE, discussed later in this paper, however we've completely fallen short in marketing it. Only two companies have registered. Seriously, we need to market the new solutions we're trying, not just promulgate new rules.

In my experience on the capital group of last year's CEDS planning effort, it became clear that many, many tax, funding and incentive programs go unused or underused because of poor marketing … or because the perception is that applying is too bureaucratic, too much a long shot etc. We need to do the detailed work to correct the perception – or correct the situation. This is the perfect project topic for a marketing class …… is there a business school in the state that wants to be relevant?

In terms of entrepreneurial education, we might consider doing things like offering Junior Achievement – a chamber of commerce program in which business people coach high school students to learn about businesses by starting and running businesses. This is very common across the US but conspicuously absent in Vermont. Why don't we do a Vermont version: Green Junior Achievement? More specifically, why not ask the Chamber, the Roundtable and VBSR to design and implement a Green Junior Achievement program? One in each RDC area next year.

We currently have a myriad of things going, but no coordination, alignment or inclination to assess and prioritize areas for greater emphasis. Is the higher leverage opportunity better education and mentorship, or better access to capital? In what mix, near term, for highest and best impact? How can we optimize results despite the inherent risk?

Brad Feld has written a fine book on "Start Up Communities." Why not create a course to engage business school students from across the state at UVM, St. Michael's, Middlebury, Champlain College, Green Mountain College, etc. in a contest to use its framework to assess the state's new business formation system – practices and results, current versus desired – with a prize going to the school with the most insightful and actionable recommendations. (Recruit your keepers while they're here in school.)

So in addition to hosting business plan competitions ("working **in** the ecosystem") we could have a stream of non-partisan, fact-based efforts devoted to strengthening the landscape for new business formation. ("working **on** the ecosystem.")

The stories of individual firms' start up successes are exciting, and make for good press, but collectively the impact is slow and stutter step. Some do; some don't; and so it goes. Realistically, most of us will be six feet under before new business formation in the aggregate lifts the Vermont economy a half a percent up in any state-level metric you'd care to name.

New business formation is a long term essential – we need it – but we can't rely on it to move the needle toward a sustainable economy any time soon.

GROWING EXISTING BUSINESSES – FINDING THE SWEET SPOT

Presently, it's unlikely many businesses will locate here given the current realities of the situation. So it's all about keeping and growing existing businesses. For various reasons, we tend to wait until we hear a business wants to leave, then try to mobilize what is usually a "too little too late" response. Instead, it would be better to organize a calling program to understand the needs, challenges and priorities Vermont's various business segments have. A dedicated group would call, get around, stay in touch, take the pulse and be the "eyes and ears" – in time to prevent defections where possible. This will be familiar to larger businesses that use programs to assess and act on the sources of customer satisfaction and dissatisfaction and build relationships that promote productive collaborations.

This is a task that could be taken up and coordinated by a consortium of industry associations, RDCs and local chambers, who are closer to the people, the issues and the potentials. But it is important to become more disciplined, systematic and proactive about this – hence a calling program – not a one-off study. This would also be of interest to legislators who could benefit from access to the results of an ongoing pulse-taking of business retention issues in their respective districts.

Small businesses employ about 70% of the active workforce. Most of Vermont's existing businesses have fewer than 5 employees. Many are family owned, and many are really lifestyle businesses that afford the owners independence and self-expression for the risks they face being self-employed.

However there is a subset of solid existing businesses that are going concerns with attractively competitive products, well-conceived economic models, and competent, ambitious people at the helm. Some are poised to grow, perhaps already exporting, selling nationally or globally, well-positioned to handle the big order that will propel them to Inc 500 territory.

Some business research has focused on "gazelles," meaning high growth firms that are increasing their revenues by at least 20% annually for four years or more, starting from a base of at least $1 million. This means they have doubled revenues in 4 years and the characterization is about rapid growth rather than their absolute size …. they can be small or large but they are growing hand over fist. Clearly they are competitively advantaged in growing markets.

David Birch’s 1979 study of job creation noted that “gazelle” companies represented 4% of all US companies, but accounted for 70% of all new jobs. In other words, not all small companies, or new businesses drive job creation – but gazelles certainly do.

Gazelles have uniquely challenging needs for capital, systems, talent and management to ride the growth rocket successfully. It’s a step up into a new game where the stakes, resources, speed of play and competition are in a new league. There is no clear, defined strategy to identify and support Vermont’s gazelles. Vermont’s business climate, taxes, workforce and capital access can give their owners real pause when contemplating whether to step in to this new league. As one entrepreneur recently said:

“*I’ve built a good business here over twenty years. I employ 175 people. I’m selling nationally. But the competition is sharply more aggressive at this level. I think I know what I’d need to do and what it would take to scale it from here – but I also believe the state would take most of the incremental gains in taxes. So I’m hesitant to take the step and commit.”*

We need to either correct the perception, or correct the situation. To be sure, the State’s tax policy, investment regulations, and a myriad of public policy decisions create a challenging landscape for business. Vermont is consistently ranked at or near the bottom of States in terms of favorable conditions or policy for the business sector.

It’s essential that we support the businesses that are ready, willing and able to scale. That’s where the future is and that’s where the well-paying jobs are.

Even in the best of times, with respect to incentives and investment, government is loathe to “pick winners,” and instead tends to distribute available money broadly to its programs’ applicants. The problem is that this spreads the peanut butter too thin, and while that accomplishes political goals, it fails to focus investment in sufficient amounts where there is the greatest potential.

This same tendency to avoid the appearance of “picking winners” (perceived favoritism) also hinders activity by business organizations that rely on membership (the Business Roundtable, the Chamber of Commerce and VBSR for example) to focus differential services and resources on the businesses, sectors, or clusters.

At the other extreme, VCs focus tightly on profit potential for their investors – by design. Even in the best of investment periods, the recipients of VC-supported investments are just a handful of firms - 10 maybe 20 - and just the ones that, if successfully incubated and turned, will earn a fine return for a very small group of accredited investors. These are not necessarily the ones that are geared to drive an economic expansion in the state. The scope, scale and impact of their multipliers is not a priority in the investment decisions.

VCLF is a fine organization – but its investments tend to focus on low-income issues and community needs. It’s very worthy, very important work – but not fashioned to drive or evolve an economy.

Banks have become vastly more conservative in their commercial lending since the meltdown and recession. Current lending patterns are more likely to be aimed at helping businesses buy the buildings they are in rather than investing capital to grow.

So for a variety of reasons, the sweet spot of economic and high wage job growth – gazelles - is underserved. We believe this is a very, very high leverage opportunity.

A Course of Action

We think there's an opportunity to catalyze and support the growth of Vermont's gazelles. If they're already solid businesses, how can we help them scale and thrive?

Step One: Identify Vermont's gazelles, meaning businesses that meet key criteria:

- have grown revenues 20% or more in each of the past 4 years, starting from a base of $1 million – they can be large or small, but they're growing
- have an asset-based source of competitive advantage
- operate in and could further penetrate growing markets (eg : are poised to expand national sales and/or exports)
- pay wages that are above Vermont's median wages for exempt and non-exempt positions
- are networked in a "generative" fashion in their value chains such that their growth would ripple robustly through the Vermont or regional economy. (There is no systematic consideration for the size and impact of a company's multipliers in VEDA or VEGI investment decisions.)
- wish to grow operations in Vermont

A first cut analysis shows there are about 130 companies in Vermont that have grown revenues like this in the past five years – a good starting point for this analysis.

Step Two: Work with them (a calling program for this segment) to clearly understand what they need to (start or continue to) scale up and what restraining forces and factors are hindering that growth. Let's do something drastic and ask them, and while doing that, gain some insight into their readiness and motivation for scaling up. It's a big decision – we seek those who are ready and willing. Clearly this is an effort that requires both qualification – and the desire to engage.

Step Three: Armed with this understanding, we propose to form a public private partnership to help participants scale. Some preliminary ideas include:

1. In some instances, what will be most helpful is to remove obstacles. Advocacy efforts on their behalf to change or exempt them from legislative constraints, assure rigorous, expedited, supportive versus adversarial permitting for facilities expansion, waive incremental business and payroll taxes, and remove disincentives for growth - until they have scaled and stabilized at much higher revenues and headcounts.
2. In some cases, what will be helpful is to offer training, education and mentoring to help the workforce and management teams master the knowledge, skills and abilities to scale at an accelerated pace. It's stressful. Scaling is not business as usual. SBA's Emergent Leaders Program is exactly the kind of program we have in mind. It's new – will be available in early 2016. Ask Darcy Carter. She's looking to market this new program.
3. There are 12 RDCs/RPCs who already have, and might also benefit from greater insight about the gazelles in their respective areas – and what might be done to leverage and support their expansion. They have a key role but they can't do it alone.

- We can learn from other efforts. In Fredericksburg, Virginia, for every dollar the city has paid out to participating businesses through its financial incentive programs it has received $8 in revenue. Since the start of its incentive programs in 2007, Fredericksburg (population 28,000) has created about 700 jobs within 13 organizations that have designated $41.3 million into capital investments. Of the 13 participating businesses, 10 in one cluster have generated $8.87 million in tax revenue after receiving $844,607 in incentive payouts – not a bad return. Another three businesses in the city's technology zone received $187,000 in incentives and contributed $438,000 to city revenue. We could benefit from being less insular, and xenophobic.
- And we can learn from Vermont resources – ISC, based in Montpelier, has coordinated a program, taught at the Kennedy School, where citizen leaders from private and public sectors in

participating cities and regions are teamed up to design economic expansion initiatives. The problem is that there are no Vermont participants. Time and time again, we discover programs we could learn from, but we don't seem to – and resources located in our state, that could help our state, that are focused outside our state. Let's change this.

4. Create expanded access to capital. We propose to form a merchant's bank using VT 12603 which allows many different organizations to invest:
   agencies, utilities, banks, VCs, private investors, non profit PRI investments and local citizens. It's the perfect funding platform for a private public partnership, and with some astute thinking, perhaps the next captive.

   For example, renewable energy is a thriving business and a growing sector. But no Vermont citizen can invest in it because they are all private companies. And they're starved for capital. The federal incentive for solar systems will sunset on 12/31/2015 with no evident plan for its reauthorization or replacement, and it's a sector the State wants to grow. So, why not use 12603 as the vehicle to allow Vermonters to invest in the energy businesses that make a market in their communities? It's a contemporary spin on the Ben and Jerry IPO.

   Note:
   VSBOE was created in June 2014 to open access to capital by allowing Vermonters to invest in local companies. DFR issued its progress report to date to the Legislature on 1/15/2015. To be fair, it's still early, but so far, only two companies have actually registered and it's too early for DFR to see how much capital is actually flowing. Directionally it seems to be a great idea, but the program has not been truly marketed or exercised as yet. See http://www.dfr.vermont.gov/sites/default/files/DFR%27s%20Report%20to%20Legislature%20on%20Act%20199%201_15_15.pdf As noted earlier, when a government agency, and in this case a regulator, writes regulations, the default setting is for open access, so the exemptions address risk rather than focus on growth potential. Perhaps what we are suggesting would help VBSOE take hold and open local investment opportunities for Vermonters.

   Here's a thought. Let's exempt seniors, age 62 and over, living full time in Vermont from paying any property tax. Period. And make it possible for them to invest these monies, tax free, in Vermont businesses through VBSOE. This would help with affordability for people preparing for retirement who no longer benefit from the educational system. And it would also put some appropriate downward pressure on school spending, something the Legislature and the educational bureaucracy have been unable to do. And it would help source capital for local businesses.

   Note:
   As part of the CEDS plan development in 2013-4, the capital working group began an inventory of all the incentive programs on the books; which ones, connected to which agencies and programs, how much money flowed through them, who had received what level of funding, etc. We were unable to complete this, however it was apparent that this hadn't been done, and like the recent revelation about land leases to ski resorts, it was completely obvious that, metaphorically, we need to clean out the attic, the basement, and the barn. The Legislature and the taxpayers would be well served to figure out how to get this done by September, 2015 and provide it as an input to the 2016 Session, which promises to be every bit as difficult financially as the current one. Another possible project for a business school.

5. Instead of picking individual companies, focus on sectors or clusters where
   Vermont can, over time, build capacity, brand and competitive élan. Renewable energy leaps to mind. Think of captive insurance – that started with legislative action, and over the years, with

continued support, has grown into a unique, profitable and well-brand cluster. Captive was easy because it didn't require much. For a tech-centric example, look at the approach taken at Nortech www.nortech.org for advanced energy, flexible electronics and water technology clusters.

There are several key benefits to be realized:

- A clear, data-based identification of the growth engines in the State who are often ignored because they are under the radar or "doing just fine."
- The findings could inform a focused retention strategy. Of all the companies to lose, gazelles should be at the top of the list to keep. There is no such process in place for this now, so when the news emerges of a possible company exit, the State lunges at efforts that are often too little, too late.
- Companies that qualify will have history, audited financial statements and business operations such that the risks will be fairly transparent.
- A definitive inventory and specific look at the restraints that are holding the gazelles back, will inform and keep refreshing the agenda for legislative reform. There is no such organized process for this now.
- The key idea is to find and support those companies with distinctly highest and best impact on the State. There is no such clear and definitive strategy at present. Every individual, every family, every company, every organization knows it can't afford everything and must make choices. If the state had a large budget surplus, there would be no need to choose – but a $100 million deficit is what we have.
- As a practical matter this cannot be driven by public sector agencies or membership-based associations – however it could be driven by a public private consortium using 12603 as the enabling legislation.
- There is a funding gap, a strategy gap and a whitespace problem that this course of action will help address.

It's time to get on a path, parallel to, but not part of ACCD that can focus on leveraging a focus strategy for economic development.

THE THINK – DO INSTITUTE

Spin off A "Think-Do Tank" as the operating unit of the private public collaboration.

We don't need to create another blue ribbon commission to study things. If we want to make change, we must shift into a more active mode. We need to try things to get results and learn. Here's what a public private partnership could do:

Tie Together, Coordinate and Align the Studies, Plans and Programs into a Non Partisan, Blueprint for Action – With a Clear, Elevating Goal.

For example, see the Florida Chamber of Commerce's transformative study, "*Influential 1980 study entitled Cornerstone – Foundations for Economic Leadership. In that report, we called for a repositioning of Florida's economy and economic systems to compete on an international landscape. Several studies followed in the two decades since, including Enterprise Florida: Growing the Future; No More Excuses: What Business Must Do to Help Improve Florida's Schools; and International Cornerstone: Serving a Crossroads Economy; New Cornerstone: A Vision for Florida's Economic Future; and most recently, Florida Trade and Logistics Study.*"

This could become the next logical step to go forward on the shoulders of last year's CEDS.

Strengthen Cluster/Value Chain Centric Services - Create our NorTechs

NorTech http://www.nortech.org/ is a technology-focused organization that strengthens Northeast Ohio's economic vitality by accelerating the pace of innovation in the region.

"We are using our expertise in emerging industries to foster an innovation environment that provides companies of all sizes, higher education and research institutions, and individuals of diverse backgrounds with new opportunities for collaboration that create jobs, attract capital and have long-term, economic impact.

We also connect with government leaders and other influencers to raise the visibility of Northeast Ohio's technology assets, position the region as an innovation hub and attract resources.

We believe a thriving, resilient and globally competitive regional economy cannot be realized unless the region better leverages Cleveland's assets and improves the performance of African-Americans and Latinos in the city, who have been disconnected from economic opportunities within Northeast Ohio's innovation- and technology-based economy. That's why we are pursuing both a regional and core city approach.

Aligned with Northeast Ohio's strategic focus on emerging industries, we perform a specific role in the region's innovation ecosystem. We help to grow industries not addressed by any other intermediaries: advanced energy, flexible electronics and water technologies."

Vermont has emerging industries, some aching downtowns, and an economic unevenness between counties, which reflects the nation's economic imbalance between urban and rural regions. We believe there are opportunities to do better through regionalized collaborations – geographic and sector centric - that leverage the interdependencies that can enrich each.

Vermont's universities, businesses, entrepreneurs and investors are not yet pulling together in a coherent technology-based economic development initiative. We should take a page from NorTech, or other states.

For another tech idea, the University of Virginia has a program in which its 1000 most successful tech business alumni (from the law school, the business school, the engineering school, the medical school, etc) have special early advisory, patent acquisition and investment access to UVA's promising research development pipeline. That's a whole 1000 person network of potential advisors and investors.

Develop An Economic Development Balanced Scorecard for the State – unspun balanced data posted to a website to inform decision-making, track status and reveal progress. Despite some hopes and some recent puff, we are not "the fastest growing economy in New England." Time to put the campaign rhetoric away and solve problems.

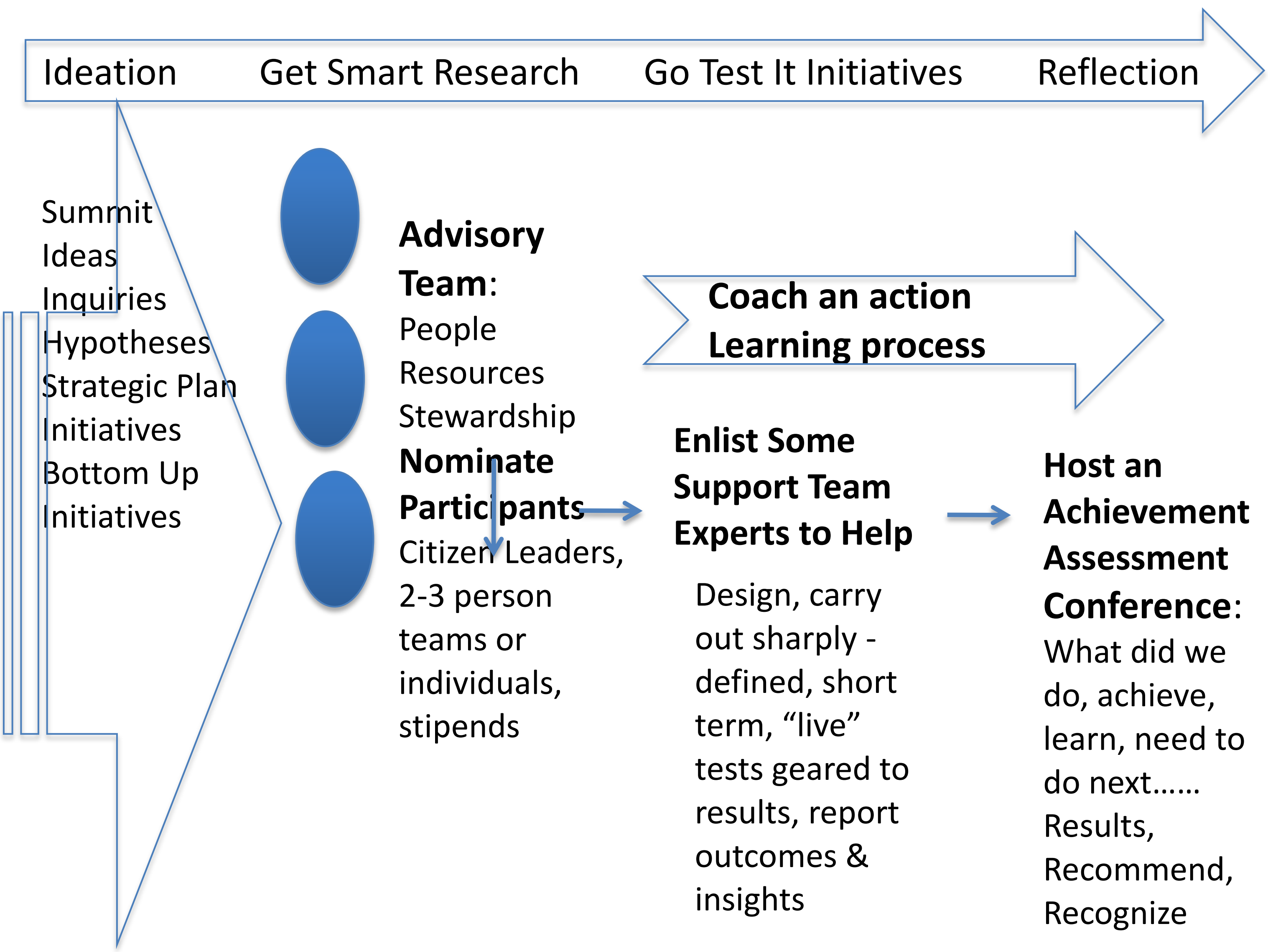
Broker and Clearinghouse for Think-Do Strategic Services – Shared Service Strategic Planning, Deployment, Learning for participants and partners. Sector scenarios. Executive development. Intentional, designed experiments to innovate, leverage and accelerate gains. Think of these as consulting services for public private partners.

There are many programs to support this: Yellow Woods' Wealth Creation Program, EDA's Emerging Leaders Program, VMEC's Export Development Program, EDF's Climate Corps, PDS LLC's Action Learning Business Growth Program.

Twenty years ago, the Legislature passed some laws that have since spawned a very robust little cluster of captive insurance companies. We could, for example, identify a couple of ideas for “the next captive,” design some intentional live experiments, and pursue an action learning strategy to find out what it takes to get the next one or two of these stood up, and on a productive path.

But instead of being a think tank, this should be a think-do tank, per the following schematic.

Think-Do Illustrative Process



….. Designated person to coordinate, program manage, 3-5 month cycles…..

Here are a few topics as thought-starters:

-Let's find out what it takes to increase exports to Canada 5% in the next 6 months.

-How could we attract 5 suppliers in 5 key sectors to open Vermont offices/sites in the next 5 months?

-What 3-5 new businesses could be created by privatizing programs or services now performed by state agencies, or authorities eg like spinning off the commercial segment of Efficiency Vermont

- What would it take to expand manufacturing output by 1% to GDP in engineered materials, optics and clean tech products this year?

Catalyst Conferences – "….*It began with the Innovation Summit, a group of leading experts convened to identify policy options that would both jump-start the economy and evolve the state's economy."*

Conference 1: "It's the Economy, Stupid."

We believe a great place to start would be to identify a handful of citizen leaders, from across sectors, who are passionate about strengthening the economy, and inviting them to a forum to ask exactly that question:

What would both jump-start – and evolve - the state's economy?

What a perfect forum for a group who'd studied the economic transformation of Nordic countries to inform and catalyze a conversation with a purpose.

Conference 2: Building a Competitive Clean Tech Cluster

Clean tech is renewable energy and much more. District energy. Combined heat and power. Engineered materials. New types of construction. Smart homes. Microgrids. Energy efficiency. Transportation. It includes design, engineering, manufacturing, and services related to creating a carbon light future. And it's taking some interesting new twists.

Witness BMW's choice to build a new plant in Washington vs expand its Spartanburg, SC plant to build its next generation of cars. Carbon fiber cars are light, energy-efficient to run - but energy-intensive and technically tricky to make. So the Washington state location's proximity to target markets was one of the decision criteria - but access to Boeing and Microsoft engineering talent and stable, reliable, cheap hydro power were the driving factors. Check it out at
http://seattletimes.com/html/businesstechnology/2023573267_bmwmoseslakexml.html
Imagine how totally different that is than the cheap unskilled labor and tax breaks so many people continue to assume are key to attracting companies. Besides, we can't compete directly with the incentive budgets of many other states anyway.

Energy costs are typically one of the top three costs for Vermont's businesses, homeowners, municipalities. We already have an active cadre of companies. We have a state energy plan that is not currently connected to any economic development strategy, even as VY has just gone off line. So we clearly have a regional market opportunity.

What is the export potential for Vermont's clean tech cluster? The potential market is the northern hemisphere. What is the addressable niche for Vermont?

What would it take to strengthen Vermont's capacity to compete in clean tech?

So why not figure out the Vermont way to compete going forward… focus on where we have a competitive advantage, in growing markets with above-median wages.

The Key Point in Summary – Change the Approach to be More Successful

Clearer thinking, the private public partnership, the 12603 merchant bank, strategic and coordinated initiatives, the think-do institute as the action agent and program manager, an economic development champion for ongoing sponsorship - together address the key gaps that have made tangible progress in economic development so difficult.

A Final Thought

There is nothing pre-ordained about Vermont's economic predicament – unless we fail to act, tinker at the margins, don't think big enough, or don't act like this matters.

There are plenty of examples of economic renewal, from Nordic countries, to Cleveland, and Pittsburgh, and Boston, and Raleigh Durham …….

Let's get on with it.

Bill Dunnington
Colchester, Vermont
802 863-4694
bill.dunnington@gmail.com

Thank you for seeking public input on Economic Development...Please see below my short list of recommendations on increasing capital, entrepreneur preparedness, attracting a high quality workforce, Vermont competitiveness and adjusting punitive and outlier Vermont regulations.

- **Broadband** - Vermont's minimum speed as it relates to 100% coverage goals is terrible by today's standard and needs to be an ongoing focus for competitiveness. Vermont ought to target at least a 50MB, 100MB or fiber-to-premise goal.
- **Cloud Software Tax** - Please make this go away. It is a huge competitive disadvantage, is not understood by companies and cannot possibly be reliably and fairly interpreted by the tax department.
- **Equity Crowdfunding** - As proposed by BISHCA, the equity crowdfunding is a reasonable approach. Two caveats: The Vermont Certified investor designation remain "non-public" so that high net worth people are not targeted as a result. Second, the amount of money per individual should be up to $500,000 and the cap per Company should be $5M.
- **Licensed Lender Requirements** - Vermont remains an outlier in the US here and as a result, fewer secured lenders participate in Vermont. That's a fact. This particularly impacts new, growing and struggling firms (the ones VT banks are not likely to lend to anyways). It also dissuades all most nee forms of specialty lenders from opening in Vermont. Abolish this registration requirement all together.
- **Seed Capital -** More professionally managed and diverse sources are needed to benefit entrepreneurs, deal terms and increasing the sheer number of new start-ups funded in Vermont each year. An additional $10 million for the Vermont Seed Capital Fund (VCET Managed) would leverage 12x that amount or another $120 million in risk capital based upon the Fund's current performance. This size Fund would also disproportionately impact manufacturers, natural resource businesses, energy companies and firms in more rural parts of Vermont. Direct appropriations or Tax Credits would work.
- **Boston Embassy** - Just like the Agriculture sector has a Vermont House at the Big E each year, there is an interesting opportunity for Vermont to create an "embassy" of sorts in Boston (Seaport Innovation District) to attract workers, promote tourism, provide coworking space to Vermonters in the city, allow for college alumni to gather/learn and better market available jobs to Boston workers/families to relocate or return home to Vermont.

Thank you for seeking these inputs.

--
Regards,

David Bradbury

GBIC
Good Jobs In A Clean Environment

January 28, 2015
Shap Smith
Speaker of the Vermont House of Representatives
Speaker's Office 115 State Street Montpelier, VT 05633
Dear Mr. Speaker:

Thank you for the focus that you're putting on economic development and job growth to start the Legislative session. As our State economy continues to work its way out of the ill effects from the last recession, we have seen firsthand the hesitancy of our most valuable employers to make significant hiring decisions and capital investments in Vermont. Lingering uncertainty in our economic recovery and uncertainty over tax policy, property taxes, critical job training funding and programs, and permitting, means that now is the time to provide strong leadership, support, and stability to our Vermont employers.

The following economic ideas are the result of GBIC's conversations with value adding employers over the past number of months from throughout Chittenden County. Our focus has been on distilling the current and future needs of employers while maximizing the effectiveness of our already existing infrastructure of programs and providers.

Our hope is that the State will choose to support Vermont employers in such a way that the programs will be flexible enough to be used in every county and across multiple industry sectors, while being substantial enough to be impactful. Targeting our resources tactfully encourages the creation of new jobs for Vermonters, increases the skills of Vermonters already in the workforce, and spurs new capital investments by employers. If the State is going to be a partner in the creation and retention of jobs, and to support initiatives to increase incomes, we need to invest in the tools and providers that support and strengthen our greatest asset: our people.

Sincerely,
Frank Cioffi
GBIC~ Greater Burlington Industrial Corporation

Frank Cioffi, President
• 60 Main St., Burlington, VT 05402 •
Tel. 802.862.5726 ext. 12• email: frank@vermont.org • www.gbicvt.or

Creating and Retaining Jobs for Vermonters:

Raising Personal Incomes Across the State

Economic Development Recommendations

GBIC: 1/28/2015

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RAISING PERSONAL INCOMES FOR VERMONTERS

WORKFORCE TRAINING

viding a strong workforce of qualified Vermonters who are competent, competitive, and highly skilled is the most essential economic development action that will ensure working Vermonters and their families have a sustainable economic wellbeing. State investments in Work force Training Programs and Funds are essential to job retention, job creation, and skills development and the money is invested in our greatest asset: Working Vermonters.

If Vermont is to retain and grow its current workforce in key economic sectors then we must focus on developing, educating, training, and retraining Vermonters for employment opportunities in high wage positions with high value-adding employers:

Sectors: Advanced Manufacturing, Information Technology, and IT Health Care Services.

> **The State of Vermont should amend VEGI legislation to appropriate the state's 20% retained share of the projected annual revenues of every VEGI award to the Vermont Training Program and Vermont Workforce Education and Training Program. This would be used to fund the development, education, training, and retraining of Vermonters for jobs with Vermont employers in the economic sectors of: Advanced Manufacturing, Information Technology, and Information Technology in Healthcare Services. An annual allocation of $2 million is projected as the necessary target.**

> **Short term skills development for Working Vermonters: Create an Advanced Manufacturing and Information Technology Readiness Training Program to upskill Vermonters already in Vermont's Advanced Manufacturing and information technology sectors for critical workforce need areas such as technicians, mechanical and technical skills, machinist training, web and graphic development and coding, and in information technology in Health Care Services.**

> **Degree and Certification Education and Training Program: Create a Vermont Advanced Manufacturing and Information Technology sector employee development, education and certification program to address longer term critical workforce need areas like technicians, mechanical and technical skills, machinist training, web and graphic development and coding, and in information technology in Health Care Services. The program would provide allocations for education and training providers to graduate and find jobs for Vermonters in Vermont employers in these key sectors.**

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RAISING PERSONAL INCOMES FOR VERMONTERS
STRATEGIC EMPLOYER RETENTION AND EXPANSION

The value of retaining our state's existing strategic employers who are value adding, dollar importing, goods and service exporting employers far outweighs allocating significant resources into chasing rising star sectors. Retaining and valuing these employers is essential to saving and creating good jobs for working Vermonters. The retention and expansion of our most economically significant employers must be our #1 economic development priority.

> **The VT ACCD, VT DED and RDCs should continue to engage and conduct a rigorous Key Employer Contact and Visitation Program targeted towards the retention of our state's leading value-adding employers.**

> **Maintain and utilize the Governor's Enterprise Fund**
Continue to provide funding in FY 16 for the Governor's Enterprise Fund.

> **Create a Vermont Strategic Employer Designation: A Strategic Employer Competitiveness Program. This program is intended to retain and grow "pillar" employers within each region. These Strategic Employers are a region's most valued, for-profit, export orientated, dollar importing economic contributors and employers. This program would be designed to service the changing and dynamic needs of strategic employers and demonstrate the value to Vermont of these employers:**

- **Designate a period of 3 years for up to 10 employers in each region selected by the Governor as "Strategic Employers."**
  - The number of employers per region could be based upon the Vermont Department of Labor LMI employment percentages by county.
- **Include: Targeted Property Tax incentives, Energy Surcharge Exemptions, and access to lower cost electric rates.**
- **Priority Authorization and Allocation: for Workforce Training funding and program access, VEGI incentives, Governor's Enterprise Funds, etc.**

> **Target resources and incentives to Vermont's existing Advanced Manufacturing Sector: It is very important to provide support to our state's existing employers in Vermont's advanced manufacturing sector. These employers tend to be the largest, highest wage employers and they are the greatest dollar importing, goods and services exporting economic engines of our state's economy. They have been the anchors of the economy of our regions and our state. *Existing programmatic resources and incentives should be targeted toward their job retention and economic competitiveness.***

> **Create Advanced Manufacturing Economic Development Incentive Electric Power Zones: The VTDPS should work with our electric utilities and create a significant block of affordable electric power for our state's *Strategic Employers* who are in the advanced manufacturing sectors.**

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Good Jobs In A Clean Environment

RAISING PERSONAL INCOMES FOR VERMONTERS

JOB CREATION/RETENTION AND INVESTMENT INCENTIVES ARE ESSENTIAL

If Vermont is to be competitive in its efforts in assisting the most valued employers grow new jobs for working Vermonters then it is essential that we have very meaningful economic incentives. The world is flat, competitive and offers many options for employers; Vermont must be competitive, fast acting and targeted in its use of resources for job creation and expansion.

> **Create a Research and Development Tax incentive:** **As a tool to foster innovation and job creation/retention in our Advanced Manufacturing and Information Technology Sectors the state should create and advance a qualified Research and Development Tax incentive. The program should be a cash incentive that functions similarly to the VEGI incentives and is tied to investments in research and development. This should be used for existing job retention as well as new job creation for employers who have achieved *Strategic Employer* designation.**

> **Change Vermont's Research & Development Tax Credit:** **The formula should align Vermont with the federal tax code by providing the Alternative Simplified Credit (ASC) as an option for taxpayers. This modification will apply only to R&D activities conducted within the state. The adoption of the ASC will incentivize investment, spur job growth, and strengthen the overall economic climate.**

> **Make VEGI award payments tax free statewide:** **With the current mechanism the VEGI award payments are received as income to the business. This means that with the award there is an increased tax burden paid to both the State and to the Federal government.**

RAISING PERSONAL INCOMES FOR VERMONTERS

ADVANCING INNOVATION CAPITAL FOR JOB CREATION AND FINANCING

Risk capital from public, private and non-profit sectors must increase in order to seed the next generation of products and services development and commercialization. Promoting a knowledge-based economy without a complementary financial, tax, and regulatory foundation sets an unrealistic expectation of support. Capital + Business Climate = Jobs and New Revenues.

The Vermont economy can continue to grow through a commitment to entrepreneurship and innovation by providing entrepreneurial education and training, access to growth capital and financing, and improved technology infrastructure.

- **Recapitalize the VEDA Vermont Seed Capital Fund administered by the Vermont Center for Emerging Technologies - VCET.**
- **Seek to provide funding support for VCET to enable VCET to continue to connect early-stage entrepreneurs, technology start-ups, and small businesses with successful, experienced business enterprises and capital financing; increase VCET's mentoring of entrepreneurs and create more co-working spaces in order to advance and create more positive economic impacts statewide.**
- **Create an Angel Investor Tax Credit to incentivize investment and foster growth in newly formed start-ups in Vermont. The tax credit should equal 20% of the value of a qualifying "angel" investment.**
- **The state should continue to provide VEDA with funds to enable VEDA to continue to provide low interest loan funds and to cover loan loss reserves that enable VEDA to increase its risk tolerance for high growth value-added entrepreneurial enterprises.**

RAISING PERSONAL INCOMES FOR VERMONTERS

TAXES & BUSINESS SUSTAINABILITY

Vermont is a relatively high tax state. This is not a surprise; however, we need to institute more transparent and balanced tax policy and spending. We won't become a leader in the lowest tax rates in the country, but we can strategically reduce taxes that slow economic growth, become the leader in openness, and a leader in showing the meaningful, benchmarked outcomes of our state expenditures. Strategically reducing some costs to business will stimulate economic expansion, job creation and retention

- **Find a way to permanently eliminate the tax on Cloud Computing.**
- **Study the fiscal cost/benefit of the creation of a statewide business and job creation program like the "Start UP New York" incentive program.**
- **Authorize the creation of more TIF districts to incentivize infrastructure upgrades and stimulate municipal revitalization projects while increasing the tax base and jobs.**
- **Create a tax credit program for residential developers to create more affordable workforce residential housing for Vermonters in downtowns and village centers.**
- **Encourage the Secretary of Commerce and Community Development to award $2 million of CDBG funds to VHFA. The funding should be used to create and deploy creative financing models directed to support ownership of affordable workforce residential housing for Vermonters in downtowns and village centers.**

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ISING PERSONAL INCOMES FOR VERMONTERS

ADVANCE INTERNSHIPS & CAREER INTRODUCTION IN OUR STATE'S INSTITUTIONS OF HIGHER EDUCATION

art of the reason that Vermont has been able to maintain such a steady economic climate throughout most of the economic recessions of recent memory is due to the tremendous stability provided by our institutions of higher education. Due to the tremendous stabilizing influence these institutions have on our economy during downswings, we should equally leverage their capacity to influence and advance our economic preparedness during upswings. In addition, the nearly 40,000 college and university students attending our state's institutions of higher education provide the opportunity to offset Vermont's demographic challenges. Vermont should seek retain 10% of these graduates annually to work in careers with Vermont employers.

> **<u>The 10% Challenge:</u> Create a program to retain 10% of the graduates of our state's institutions of higher education to work in careers with Vermont employers. The Annual Targeted Goal should be 500 Graduates.**

> **Advance world-class internship programs for college and university students in Vermont businesses, institutions and organizations.**

We have one of the most robust college and university systems in the nation, and have the highest ratio of colleges per capita in the country. Our higher education network can, and should, be utilized as a more direct economic driver for placing students in Vermont enterprises. This has the added benefit of aiding in resolving our state concerns with aging demographics.

- **Vermont should engage and encourage our institutions of higher education to continue to advance internships and career introduction opportunities between our institutions of higher education and Vermont employers. This would provide the greatest benefit to both students who want to have a career in Vermont and to Vermont enterprises seeking talented young people.**

> **Encourage UVM and the VSC system to develop, implement and promote stackable credentials programs to ensure students build sustainable and worthwhile careers.**

> **Encourage UVM and VSC to keep moving forward with high school/college dual enrollment opportunities.**

> **Advance and support workforce and career readiness skills courses in high schools.**

> **Encourage curriculum in our Vocational and Technical high schools that aligns with regional and statewide employer labor force needs.**

> **Work with our Congressional Delegation to attract more federal NSF and NIH research and development funding for the University of Vermont and the EPSCoR program.**

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RAISING PERSONAL INCOMES FOR VERMONTERS

MAKING SOCIAL INVESTMENTS TO LOWER OUR LONG-TERM COSTS

Direct investments in our people and in our Vermont employees starts long before they enter the workforce. Making early childhood education, healthcare, and insurance available and cost effective to employers and employees will benefit our workforce and our businesses.

> **Advance full-time universal pre-K in all school districts.**

> **Expanding public school choice gives families and students the flexibility to ensure that personal educational needs are met. This needs to be coupled with strong core curriculum in STEM education, available at all schools either in the classroom or via distance learning through advanced on-line technology.**

> **Encourage K-12 school districts to adopt and incorporate professional development programs in technology utilization and software for teachers in order to increase teacher proficiencies in utilizing technologies and software in K-12 curriculums and interactions with students.**

> **Instruct the Agency of Education to develop and implement a plan that establishes computer science education in public schools across the state. The goal of the program is to generate interest in computer science among underrepresented demographics and provide schools with course and curriculum recommendations aimed at strengthening the growth and vitality of the state's technology industry.**

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RAISING PERSONAL INCOMES FOR VERMONTERS

ENCOURAGE INVESTMENT AND SUPPORT FOR IBM-GLOBALFOUNDRIES

Over the past six decades, the most significant contributor to the expansion, diversification, and enrichment of our state's economy has been IBM Vermont. No company has made a more prolific contribution towards enhancing the lives of generations of Vermont families and expanding our state's capacity to innovate and grow. IBM opened Vermont to the world and opened the world to Vermont. IBM is Vermont's largest for-profit employer, providing quality jobs to approximately 4,000 Vermonters. We estimate that over 10,000 Vermont families are supported directly and indirectly by IBM. The company's $300 million annual payroll and economic activity annually injects approximately $1 billion dollars into our state's economy making IBM Vermont's most significant and vital economic engine. The impending sale of IBM Vermont to GlobalFoundries represents a monumental opportunity to retain and grow jobs and investment for many years to come.

- **Amend VEGI law to create a one-time VEGI incentive award to GlobalFoundries for training of Vermonters and to support capital investments in facilities and equipment.**
- **Direct Vermont Training Program and WETF funds to essential training of Vermont employees working at GlobalFoundries Vermont.**
- **Create a Research and Development Tax incentive that is a cash incentive that functions similar to the VEGI incentives and is tied to GlobalFoundries' investments in research and development.**
- **Create a targeted industrial and economic development electric rate for GlobalFoundries**

How the Vermont Economy Works: A Primer on Growth, Spending, and Income

Prepared for GBIC

Arthur Woolf, Ph.D.
November 9, 2014

One major goal of public policy should be the same as one major goal and aspiration that most Vermonters have: We would like standard of living to rise over time. From an individual's standpoint, that means an increase in his or her wage or salary each year; more specifically an increase that is greater than the cost of living, that is, a real, inflation-adjusted increase in salary.

No individual person is self-sufficient nor is any economy, which is no more than a group of people. We rely on trade with other people to provide us with goods and services that we cannot, or do not, produce ourselves. As Adam Smith pointed out more than two centuries ago, we all specialize and produce something that we trade to others. Whether it is a factory worker, an attorney, a teacher, or anyone else, we produce more of something than we can consume ourselves and we trade that excess to others in exchange for something that they produce that we want.

That trade can occur directly, as when a farmer produces vegetables and sells them to a teacher at a farmers' market. The farmer produces more than she and her family can eat and she willingly sells excess vegetables to someone who values those vegetables and is willing to pay for them. The farmer's standard of living is higher as a result of her production and trade, as is the teacher's. The farmer produces more vegetables than she can use and the teacher produces more educational services than he can use. Both trade with each other and are both better off. Each has a higher standard of as a result of the purchase.

I. A Simple Model of the Vermont Economy

This simple example is shown, in the general case, in figure 1. The green lines represent the flows of money in the economy. Vermont households buy goods (such as vegetables) from Vermont businesses. Vermont households earn incomes by working for Vermont businesses. Thus the two green lines are flows of money in the economy.

A Simple Model of the Vermont Economy

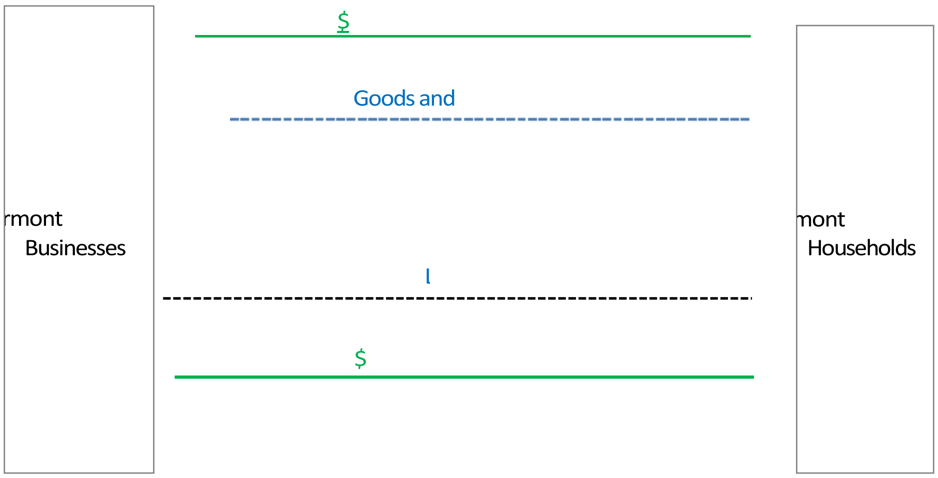


Figure 1

The blue dotted line at the top represents goods and services that are produced by Vermont firms and sold to Vermonters. Vermonters provide a valuable service to Vermont businesses—their labor—and are compensated for it through the wages that businesses pay to their workers. Thus money flows in the economy between businesses and households (green lines) in direct relationship to the corresponding value of the flow of goods and services (blue lines) produced by Vermont businesses and labor services provided by Vermont households in the form of work. In a simple economy $100 of spending generates $100 of income.[1]

In this oversimplified model, if there is only a fixed amount of goods and services and therefore a fixed amount of income to be earned. If one household gets more income, it can only happen at the expense of some other household. The economy is a zero sum economy and an increase in the standard of living of one means a reduction in the standard of living of someone else, or of many people.

But there is a way for one household, or two, or all households to experience an increase in their standard of living—that is an increase in their incomes and an increase in their ability to consume more goods and services—without a corresponding reduction in others' standard of living. That will happen if businesses can figure out ways to produce their output using fewer resources. Another word for this is productivity. If productivity increases, costs and prices fall

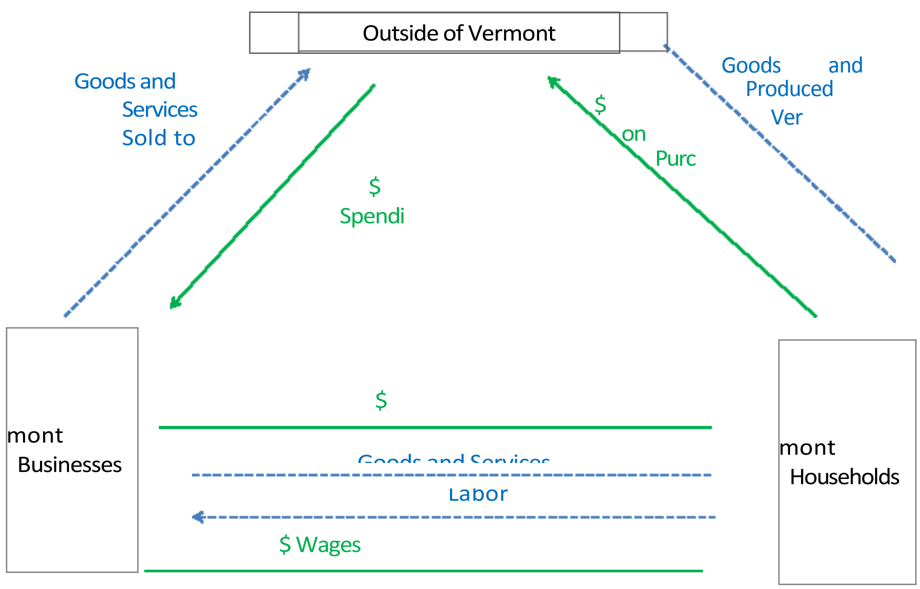
[1]I ignore profits, rents, dividends, and other non-wage income. They complicate the model, but do not detract from the basic idea of what occurs.

and consumers have more money available to buy more of this or other goods and services. Economic growth has occurred and the standard of living of the average person, or of one person, can rise without a corresponding decline in anyone else's living level.

II. A more complicated, and realistic, model of the Vermont economy

Vermonters, of course, interact with people living outside of the state. They buy goods and services produced outside of Vermont, and people living outside of Vermont buy goods and services produced within Vermont. We buy cars, electronics, clothing, and food produced elsewhere in the U.S. and the world, and people in the U.S. and throughout the world buy computer chips, coffee, ice cream, jet engine parts, and computer software produced in Vermont. Others come to Vermont to ski, hike, get married, and recreate. And they spend money in Vermont. These are shown in Figure 2 below.

A More Realistic Model of the Vermont Economy



gure 2

At the bottom, the graphic is the same as in figure 1. But the diagonal lines at the top show the interactions between Vermont and the rest of the world. The blue dotted line at the top left shows that Vermont businesses sell some (or all) of their output to customers in other states and nations.[2] They are paid for those goods and services (the green dotted line at top left),

[2] They also buy goods and services from suppliers outside of Vermont, but that makes the picture more complicated without changing the basics of what the model shows.

and they use some of that money to pay the wages Vermonters earn by working at those businesses.

Vermont households buy goods and services produced by businesses located outside of Vermont (the blue dotted line at top right) and pay for them (the green line at top right) with the incomes they earn by working in Vermont

Vermonters benefit from buying goods and services produced outside of the state's borders. Some of these are not able to be produced in Vermont. Others may be able to be produced in Vermont, but are much less expensive if produced elsewhere. Other products provide Vermonters with more variety than would be available if Vermonters could only buy them if they were produced locally.

The ability to trade with people and businesses located outside of Vermont increases Vermonters' standard of living. But in order to purchase these goods and services, Vermonters have to produce things that people outside of Vermont want to buy. The more we can do that, the higher will be our standard of living and the more goods and services we can purchase—both those produced within Vermont and outside of Vermont. And the higher our standard of living, the more incomes we earn and the more tax revenues state and local governments collect. So a rising standard of living benefits not only people in Vermont, but government as well.

Ill. What kinds of businesses bring in dollars from outside the state?

Any business that sells goods to out-of-state customers or imports those customers into the state brings in out-of-state dollars. We call these businesses, and the economic activity they generate, export activities.[3] When tourists come to Vermont, tourism can be seen as an export business. When a Vermont manufacturer sells its output to a customer somewhere in the U.S. or in Europe or Asia, that too, is an export. When a Vermont farmer sells milk to a creamery in Massachusetts, that is an export. We can use the U.S. Commerce Department's classification system and data from the Vermont Department of Labor to examine the size of each industry in Vermont and then to see how each industry contributes to Vermont's export economy.

3 Exports in this case means selling to non-Vermonters, not just people in other nations.

V. How Each Sector of the Vermont Economy Fits into the Model

Government: Government is the largest part of the state's economy, accounting for 17.4% of all the payroll jobs in the state and nearly one-fifth of all the wages earned. Although government does provide important services that help an economy perform better, nearly all government services are closer to the first simple model developed earlier than to the more complicated model. That is, governments do not export their services outside of the state. Most of the inputs are paid for locally. That is, on net, government does not bring in revenues from outside of the state.

Vermont Payroll Employment and Wages in 2013

Sector	Employ	Employment Share of Total	Wages in $ million	Wage Share of Total
Government	52,603	17.4%	$2,414.5	19.0%
Health Care & Social Assistance	48,778	16.2%	$2,019.5	15.9%
Retail Trade	37,700	12.5%	$1,034.4	8.2%
Manufacturing	31,715	10.5%	$1,733.9	13.7%
Accommodation and Food Services	30,332	10.1%	$583.6	4.6%
Professional and Business Services	26,420	8.8%	$1,488.1	11.7%
Construction	14,091	4.7%	$639.7	5.0%
Private Education	9,638	3.2%	$398.0	3.1%
Wholesale Trade	9,210	3.1%	$521.4	4.1%
Finance and Insurance	8,709	2.9%	$588.7	4.6%
Transportation and Warehousing	6,651	2.2%	$248.0	2.0%
Information	4,674	1.5%	$240.6	1.9%
Arts, Entertainment, Recreation	4,029	1.3%	$92.1	0.7%
Natural Resources	3,444	1.1%	$118.0	0.9%
Real Estate	3,060	1.0%	$115.0	0.9%
Utilities	1,789	0.6%	$175.5	1.4%
Other	8,753	2.9%	$268.7	2.1%
Total	301,596		$12,679.7	
Source: Vermont Department of Labor, QCEW				

There are two exceptions to this. First, federal government workers do bring in dollars into the state since their salaries are paid for from the federal government. Second, some state and local employees are either paid in part or all by federal grants, and some are responsible for managing federal dollars coming into the state. But ultimately, federal funds coming into Vermont are largely, but not entirely, offset by the federal taxes Vermonters pay.

Health Care and Social Assistance: Health Care is the second largest industry in Vermont. It includes jobs in doctor's offices, hospitals, and nursing homes as well as people employed as social workers and caregivers for the elderly or infirm. Many of the jobs in this sector are high paying, but there is a wide distribution of pay here, especially in the social assistance part of this sector. Similar to the government sector, most of the economic activity generated within this sector is provided to Vermonters, although some income does come into the state through federal programs such as Medicare and Medicaid (the latter requires local tax sources as well as federal to support it). Health care also provides some export earnings when people from other states come into the Vermont to use health care facilities here, although the opposite also occurs when Vermonters, especially those living along the Connecticut River, travel to New Hampshire for medical services.

Retail: Retail trade is the third largest sector as measured by employment, although only fifth when measured by total wages paid. Most retail activity in Vermont is provided to Vermonters, so it does not generate a large amount of export earnings. The only exception is that tourists coming to Vermont who shop at the state's retail establishments do bring dollars into the state.

Manufacturing: Manufacturing is the fourth largest sector of the economy, accounting for more than one in ten jobs, and the third largest when measured as share of total wages. That means, of course, that this sector also pays higher than average wages to its employees. This is because of the high levels of productivity in this sector. Firms can only pay high wages if their employees are highly productive.

Of all the sectors of the state economy, manufacturing is the most important in terms of its ability to export goods outside of the state. Nearly all of Vermont's manufacturers produce their goods for national or international markets. They therefore play a crucial role in the ability of Vermont businesses to bring dollars into the state. This is, perhaps, even a more important role in the state economy than the high wages that they pay.

Accommodations and Food Services: The types of businesses in this sector include restaurants, bars, hotels, inns, and B&B's. Some of the economic activity generated in this sector is exported to people in other states, especially in the accommodations portion of this economic sector. When tourists come to Vermont, they spend money at lodging establishments and at local restaurants. This makes those businesses part of the state's export economy. Most of the revenues generated in lodging establishments comes from out of state guests, but that is not the case for restaurants, where some share of total spending is from tourists and out of town businesses but a significant amount comes from Vermonters dining out.

Professional and Business Services: This sector includes a wide variety of businesses—legal and accounting firms, architects and engineering firms, computer software companies, advertising firms, temporary help agencies, veterinarians, and other businesses. Because of the wide variety of businesses in this sector, it is hard to generalize about their ability to export their services out of state. Some of them do export some services, but others exclusively or in large part provide their services to Vermont residents.

Firms in all of the sectors of the Vermont economy discussed above account for about three quarters of all payroll employment and roughly the same shares of all wages paid and are therefore a dominant part of the state's economy. All remaining sectors are small and we provide a brief discussion of them.

Although several large **Construction** sector firms build projects out of state, the vast majority of economic activity in this sector occurs within Vermont, so there is little export activity here. The **Wholesale** trade sector provides goods to retailers and restaurants. Although some Vermont wholesalers do sell to out of state customers, most of this sector's sales are within Vermont. **Transportation and Warehousing** consists of trucking companies, courier services, taxis and similar businesses. Most of their activity is also within Vermont.

The **Information** sector includes television and radio stations, print shops, and data processing firms. Some, but probably not a great deal, of this sector's output is sold to non-Vermont customers.

Arts, Entertainment, and Recreation includes private museums, recording studios, and sporting venues, which in Vermont means most ski areas and many tourism oriented businesses (some ski areas may be categorized in the Accommodations sector of the economy). Although the sector is small, a large amount of its sales are to out of state customers.

The largest part of the **Natural Resources** sector is agriculture, and most of that consists of dairy farms. Most of this industry's output is sold out of state, although it is a small sector measured by both employment and wages. Because the underlying data is based on payroll employment, it may understate the size of this industry. Most farm owners earn incomes (or losses) as business owners rather than through wages, so the data may somewhat understate employment and income. The U.S. Commerce Department reports that total income accruing to farm proprietors is $152 million, more than double the wage bill. Even including all of that income with wage income, the sector is still small.

Real Estate includes property management as well as real estate companies. Some of the economic activity in this small sector is export-based due to the large second home market in Vermont. **Utilities** are primarily gas, electric, and water systems. These are vitally important to Vermont's economy, but they have little direct role in the state's export economy.

The table below summarizes the role and importance of each of the sectors of the state economy to the export base of Vermont.

Comments on Sectoral Export Intensity

Sector	How Much Economic Activity is Exported?
Government	Very little
Health Care & Social Assistance	Very little
Retail	Small amount
Manufacturing	Nearly all
Accommodation and Food Services	Large amount in accommodation, less in restaurants
Professional and Business Services	Unknown
Construction	Some from larger construction firms
Finance and Insurance	Some from large firms such as National Life
Education	Large amount from private post-secondary schools
Wholesale	Small amount
Transportation and Warehousing	Small amount
Information	Some, but probably a small amount
Arts, Entertainment, Recreation	Ski areas play a large role here
Natural Resources	Large amount due to dairying
Real Estate	Some due to second home market
Utilities	Very little

VI. A Closer Look at Manufacturing

The traditional way of looking at manufacturing was that it was an important part of Vermont's economy because it employed a lot of people, it paid high wages, and it provided good jobs and opportunities to Vermonters who did not have a lot of education or other skills and training. Many of those reasons are no longer as valid as they used to be. Manufacturing still employs a lot of people, but not nearly as many as in the past. In 1980 51,000 Vermonters worked in the manufacturing sector and one in four payroll jobs were in the sector. Today just under 32,000 people work in the sector and it accounts for about one in ten jobs. In the past, high school graduates and even high school dropouts could work in manufacturing, but that is no longer the case. Manufacturing employees work with sophisticated technology and firms often require either post-high school training or highly specific technical training in high school before they will hire someone.

What has not changed is that manufacturing wages tend to be higher than in many other sectors. Even more important is that manufacturing was, and is, a large and crucial part of Vermont's export-based economy. As explained in the model shown in figure 2, the sector provides a valuable conduit for dollars to flow into the state that support Vermonters' standard of living and, as productivity rises in manufacturing, it helps increase the standard of living of all residents of the state.

Within the manufacturing sector, the dominant subsector is computer and electronic products, and the dominant firm within that sector is IBM. One in five manufacturing workers work in that subsector and wages in that sector are one-half billion dollars per year, more than one- quarter of all the manufacturing wages in Vermont. Moreover, the average wage in that subsector is the highest by far within manufacturing and is more than 40% higher than the average manufacturing wage in Vermont.

Manufacturing Subsectors Employment and Wages in 2013

Manufacturing Subsector	Employm	Employ men	Total Wages	Wage Share	Average Wage
Computer and electronic products	6,355	20.0%	$500.2	28.8	$78,710
Food	5,163	16.3%	$224.4	12.9	$43,463
Machinery	2,711	8.5%	$151.7	8.7	$55,957
Fabricated metal products	2,348	7.4%	$126.3	7.3	$53,790
Transportation equipment	1,990	6.3%	$136.2	7.9	$68,442
Wood products	1,891	6.0%	$73.8	4.3	$39,027
Nonmetallic mineral products	1,538	4.8%	$71.3	4.1	$46,359
Furniture and related products	1,495	4. 7%	$55.3	3.2	$36,990
Electrical equipment	1,303	4.1%	$71.7	4.1	$55,027
Chemicals	1,300	4.1%	$73.8	4.3	$56,769
Plastics and rubber products	1,171	3. 7%	$55.3	3.2	$47,225
Printing and related support activities	1,040	3.3%	$47.5	2.7	$45,673
Other	3,410	10.8%	$146.4	8.4	$42,933
All Manufacturing	31,715		$1,733.9		$54,671
rce: Vermont Department of Labor, QCEW					

VIII. Conclusions

Vermont's economy is well integrated into the national and world economies. Vermonters buy goods and services produced outside of its borders, Vermont businesses sell goods and services to people located across the state's borders. Vermonters travel to other states and nations and visitors come to Vermont to recreate and do business. All of these activities are matched with a flow of dollars that come in and leave the state. The more integrated Vermont is with the nation and world, the more important these monetary flows become.

In order to take full advantage of this integration, which gives Vermonters a rising standard of living, Vermonters and Vermont policymakers need to be cognizant of the important role played by businesses that export goods and services. Exports allow us to buy more of what is produced outside of the state's borders, and that makes us better off. The state's manufacturing sector is the most important component of the state's economy that accomplishes this goal. Within manufacturing, the computer sector, which includes IBM, is the dominant industry. The healthier that sector is, the healthier the overall economy is.

January 27, 2015

Honorable Shap Smith
House Speaker
Vermont House Speaker's Office 115 State Street
Montpelier, VT 05633

Dear Speaker Smith,

I hope this message finds you well. Thank you for the public invitation to submit ideas on ways to improve the economy of Vermont.

Please find attached to this letter a brief one page description of a 529 prepaid college tuition plan. Vermont currently has a 529 education savings plan called Vermont Higher Education Investment Plan (VHEIP), but does not have a prepaid tuition plan. I learned about this possibility for financial planning for college when I was a school counselor serving Vermont school communities. Additionally, I continue to examine factors related to student success in the secondary and post-secondary public school system through my doctoral studies at the University of Vermont.

I would have sent this to you in December 2014 in response to your invitation for education reforms, but I only recently learned of your public invitations through vermontbiz.com.

Please don't hesitate to contact me if you would like to discuss this idea further. Thank you for your service to Vermont.

Sincerely,

Andrew Hudacs
PO Box 303 Waterbury, VT 05676 (Resident of Duxbury) (802) 249-8650
ahudacs@uvm.edu

Enclosure

cc: Senator Bill Doyle, Washington County
Senator Anne Cummings, Washington County Representative Adam Greshin, Washington-7j

Vermont State College 529 Prepaid Tuition Plan

Proposal: The formation of a Vermont State College 529 Prepaid Tuition Plan for Vermont residents.

Description: A Vermont State College 529 Prepaid Tuition Plan will allow Vermont residents to prepay Vermont State College (VSC) tuition at a "locked-in" rate, which would not increase over time for the investor. An established plan in Vermont will allow students and families who are planning for college to pay tuition as either a lump sum, through installments on a contract over several years, or purchase "units" of total tuition costs.

The payments would only be valid for use at VSCs (Johnson State College, Castleton State College, Lyndon State College, Community College of Vermont, and Vermont Technical College) because of the similar levels of tuition. Contributions to a 529 Prepaid Tuition Plan would not be deductible on federal taxes, but the growth of investment and distributions for college tuition would be federally tax free. This provision has been secured under the Pension Protection Act of 2006.

An example of how a 529 Prepaid Tuition Plan could work for a family:

The parents of a two year-old child would like to begin saving money for college. They contact a VSC 529 Prepaid Tuition Plan manager in January of 2015, when the cost of tuition is approximately $10,000 per year for a VSC. This tuition rate would be locked-in, and any contributors to the plan would pay up to the total cost of $40,000 for a 4-year degree at a VSC. These contributions are planned to be paid at a rate of $2,500 per year, or about $48.08 per week, for 16 years. When the student is prepared to graduate from high school in 2031, and interested in attending college, he or she will have all tuition paid for any VSC that accepts his or her application for admission.

Advantages for students:

- The state government guarantees the investment plan, which provides a greater level of financial security for investors
- Students and families can plan for a more affordable college experience in Vermont
- Plans can be set up to cover all or a portion of tuition expenses (ex. 2 years paid would cover an associate degree or 1/2 of a bachelor degree)
- Contributions may potentially be deductible on state taxes
- If a student does not attend a VSC, the contributions plus interest can still be recovered minus a determined fee

Advantages for Vermont:

- Aid in the enrollment of students in VSCs
- Aid in the retention of Vermont students after college
- Create a small number of jobs to manage the investments and finances
- Help strengthen pathways to higher education for Vermont's future workforce
- No additional cost to tax payers

States with Prepaid Contract Plans by Installments-Alabama, Florida, Illinois, Kentucky, Maryland, Massachusetts, Michigan, Mississippi, Nevada, South Carolina, Texas, Virginia, West Virginia

States with Payment Plans by Units- Colorado, Ohio, Pennsylvania, Tennessee, Texas, Washington

Resources:
http://www.savingforcollege.com/introto529s/what-is-a-529-plan.php
http://www.collegeboard.com/parents/pay/scholarships-aid/21391.html
http://www.collegesavings.org/commonQuestions.aspx#529PrepaidPlans

The Honorable Shap Smith
Speaker of the House 115
State Street
Montpelier, VT 05633

Dear Mr. Speaker,

We are writing in response to your call for input on economic development and job growth strategies. As you know, Campaign for Vermont was established with a mission to realize shared prosperity for middle class Vermonters. It is our belief that Vermont can have a vibrant economy again with some specific reforms.

Attached, you will find our position paper, “A Pathway to Economic Renewal and Shared Prosperity” which was released December 22nd of 2014. In it, we highlight a number of specific recommendations we believe will encourage a healthy rate of growth in our economy. Among the ideas are:

Build a broad-based and lasting coalition in support of a more dynamic economy and shared prosperity. This effort could be spearheaded by an economic ‘champion’ identified by the Next Generation Commission.

- Bring coherence, efficiency, simplicity, and funding for economic development agencies.
- Build a calling effort on our largest employers that will illuminate their needs and wants while building strong relationships.
- Reimagine the importance of our considerable number of small businesses, and create a better understanding of who they are and how we can truly help them.
- Train, improve, and enlarge our workforce. ItÕs the true lynchpin of shared prosperity. Our efforts are incomprehensible. We can fix that.
- Broaden the definition of manufacturing, provide a broader array of support for those that make things here, and become the state of “efficient manufacturing.”
- Expand the Earned Income Tax Credit and eliminate benefit cliffs thereby providing true economic resources for working class Vermonters. Presidents as different as Obama and Reagan have endorsed this program’s value.
- Re-define the value of our extensive higher education industry and focus on retaining the 43,000 students who annually attend our colleges.
- Better connect the links between ideas to patents and patents to revenue and revenue to jobs. UVM offers the keys.

For each of these ideas, we offer evidence of their efficacy and details for executing them in the attached paper.

Cyrus Patten
Executive Director
Campaign for Vermont

Bruce Lisman
Founder
Campaign for Vermont

Campaign for Vermont Prosperity, Inc • 77 College St, #3B • Burlington, Vermont 05401
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A Pathway to Economic Renewal and Shared Prosperity

December 22, 2014

Bruce Lisman, Founder
Cyrus Patten, Executive Director
Tom Pelham, Co-Founder
Ben Kinsley, Policy and Operations Manager

Executive Summary:

Let's stop kidding ourselves; the Vermont economy is at best floundering if not faltering. The demographics of our state economy profiled below are definitive in this regard. Campaign for Vermont believes that economic growth and shared prosperity is the best way forward for Vermont and its citizens. It's a noble goal and it offers the best solutions to issues of poverty, hunger, and upward mobility. We believe that Vermont can be an economic powerhouse of its own definition. One that attracts business investment, creates value-added jobs, and a bridge out of poverty for those seeking opportunity. Economic growth offers the promise of more jobs, a larger workforce, and higher incomes. The economy of our state is centered in Chittenden County yet counties to the south, north and east are suffering from population declines and loss of economic critical mass.

We can change course, but it will take a citizens coalition supporting ideas that would enable economic prosperity.

In this paper we offer a strategic plan—a set of ideas that Campaign for Vermont believes are essential building blocks for a renewed economy - none of which include grants or other expensive financial incentives to employers.

We believe a long-term commitment to economic growth requires a strategic plan coupled with a strategic budget that informs us about the effectiveness of the resources supporting that plan.

We ask that you consider our State's policy choices. We are convinced it will take a more talented management of our State than we have gotten used to. The horrible recession and very weak economic recovery only hint at the unfolding drama taking place in the world around us. We believe solutions should be focused and human-sized so they are understood and measured. This is America; we are Vermonters. This is the time to care about our fellow citizens and respond to the changing times. Stand up if you believe our ideas make sense. Or share your ideas with us so we can chart a common and winning course.

Signed,

Bruce Lisman | **Cyrus Patten**

Table of Contents

A Pathway to Shared Prosperity

Summary:

Campaign for Vermont believes we can create conditions that encourage innovation and economic growth, and set the stage for Vermont to become an economic powerhouse by its own definition. Those are:

- A competent, transparent, and accountable government, and one that is in a continuing state of self-improvement.
- A Strategic Plan that highlights goals and steps to reach those goals with an accompanying Strategic Budget that would define the cost to achieving those goals.
- Budget growth that more closely relates to available resources, making policy decisions more predictable.
- Reform of our Education System—of quality, governance, and funding.
- The inclusion of Affordability as an essential theme in State governance.

With a 'platform for growth' in place, CFV believes there is significantly greater leverage from economic renewal strategies. They are:

- Build a broad-based and lasting coalition in support of a more dynamic economy and shared prosperity. This effort could be spearheaded by an economic 'champion' identified by the Next Generation Commission.
- Bring coherence, efficiency, simplicity, and funding for economic development agencies.
- Build a calling effort on our largest employers that will illuminate their needs and wants while building strong relationships.
- Reimagine the importance of our considerable number of small businesses, and create a better understanding of who they are and how we can truly help them.
- Train, improve, and enlarge our workforce. It's the true lynchpin of shared prosperity. Our efforts are incomprehensible. We can fix that.
- Broaden the definition of manufacturing, provide a broader array of support for those that make things here, and become the state of "efficient manufacturing."
- Expand the Earned Income Tax Credit and eliminate benefit cliffs thereby providing true economic resources for working class Vermonters. Presidents as different as Obama and Reagan have endorsed this program's value.
- Re-define the value of our extensive higher education industry and focus on retaining the 43,000 students who annually attend our colleges.[1]
- Better connect the links between ideas to patents and patents to revenue and revenue to jobs. UVM offers the keys.

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[1] UVM: 11,788 + VSC: 12,656 + Independent Colleges: +/-19,000 = +/-43,444

Vermont Trends

The Demographic and Economic Trends are Dreadful:

Bad demographic trends have very negative consequences for the future of our state. Availability of a qualified workforce is a necessary condition for economic growth, at least equal in importance to the availability of capital. Absence of workers will discourage current and potential employers, it will weigh heavily on our education system, even with funding reform, and threatens what will be a smaller tax base than we have now.

Statistics that profile the state of our economy speak for themselves.

- Vermont's population is stagnant, growing at less than 2/10ths of a percent (.02%) per year, and even declined in 2012 (the first time in 70 years).[2]
- The 'working age group' – those between 20 and 64 - declined slightly in 2011 and dramatically in 2012 to 61% of the population, and is projected to continue declining.[3]
- The 'young working age group' – those between 20 and 44 - has been in steady decline since 2000. Today, there are 20,000 fewer Vermonters in this age group than there were in 2000. This is a bad trend for an old state and a good indicator of the direction of school age kids in the future.[3]
- The 'older working age group' – those between 45 and 65 – has been declining steadily since 2011. Baby boomers are retiring and this group continues to shrink.[3] Our state's population has gotten older faster than census department predictions.
- Vermont School enrollment has declined steadily since 1997; by nearly 17%.[2] The only other state that has seen such a decline is Maine. Between 2001 and 2011 VT enrollment dropped 12.5%. NE enrollment dropped 3.62% and US enrollment increased 4.75%.[4]
- Median wages have tracked the nation as a whole, averaging only 2.1% yearly growth since 2004.[5] The fastest growing industries are retail, personal care, and food prep; all of which generally provide low-wage jobs.[6] Further troubling, cost of living[7] and the state budget continue to rise at a much faster rate.[8]
- Between 2000 and 2013, Rutland, Essex, Windsor, Bennington and Windham counties all experienced population declines. Since 2010, the above counties as well as Addison, Caledonia, Orange, Orleans, and Washington counties have seen additional declines. Even the fastest growing counties – Lamoille, Chittenden and Franklin grew more slowly than the nation as a whole.[9]

2 http://quickfacts.census.gov/qfd/states/50000.html

3 http://www.leg.state.vt.us/jfo/education/2013%20Vermont%20Enrollment%20and%20Population%20Projections.pdf

4 National Center for Education Statistics - http://nces.ed.gov/ccd/elsi/

5 http://www.vtlmi.info/oessummary.htm

6 http://www.vtlmi.info/projst.pdf

7 See affordability section

8 See CFV position paper Achieving Accountability released September 2, 2011.

9 Vermont population by county 2000-2013 http://healthvermont.gov/research/pop/VermontPopulationData.aspx

- Even optimistic projections predict stagnant population growth in Addison, Bennington, Orange, and Washington counties and population loss in Essex and Rutland counties by 2030.[10]

Both our labor force and number of employed Vermonters are nearly the same as 2005 and our low unemployment rate is not a sign of good times. The chart below shows these trends over the past five and ten years.

Unemployment and Workforce Statistics

	2005	2010	2011	2012	2013	2014	Change (10-14)	%
Labor Force	348,883	359,763	358,254	355,613	351,371	350,761	-9,002	-2.50%
Employed	336,629	336,846	338,296	338,288	336,038	337,811	965	0.29%
Unemployed	12,242	22,913	19,958	17,329	15,329	12,961	-9,952	-43.43%
Unemployment Rate	3.52	6.38	5.58	4.88	4.35	3.70	-2.68	

*2005 and 2010-2013 are yearly averages. 2014 data is YTD through September.[11]

You can see from the above that Vermont has lost 9000 workers since 2010, more than the entire population of Grand Isle County.

The unemployment rate is a simple function of the number unemployed persons divided by the labor force. Put in other words, a shrinking workforce coupled with stagnant job creation constructs the illusion of a low unemployment rate. In reality, Vermont's economy is not a vibrant economy with robust job creation as some politicians would have you believe.

Recent national statistics show that Vermont's job growth, as a percentage, ranks in the bottom 10 over the past two years. 12

Median Household Income

Currently, Vermont is ranked 18th in the country for median household income at $54,982. Even though Vermont comes in above the national average, we lag behind other New England states and have seen little wage growth in recent years.

Historical Median Household Income (In 2013 Dollars

	20	20	20	20	20	20	201	201	201	%
Verm	60,	60,	53,	54,	56,	59,	53,7	56,3	54,8	-9.4%
N.E.	62,	63,	63,	61,	61,	62,	59,5	60,2	60,8	-2.6%
U.S.	55,	55,	56,	54,	54,	52,	51,8	51,7	51,9	-6.1%

Data collected from the U.S. Census Bureau

10 DAIL population projection (Scenario A) http://dail.vermont.gov/dail-publications/publications-general-reports/vt-population-projections2010-2 03 0

11 http://www.vtlmi.info/Labforce.cfm?qperiodyear=2005&qareatype=01&qadjusted=Y

12 http://vermontbiz.com/news/october/vermont-again-near-bottom-national-job-growth-study?utm source=VBM+Mailing+List&utm campaign=70ff329733-Enews 10 31 2014&utm medium=email&utm term=0 85838110bc-70ff329733-286299605

Nothing is Pre-Ordained and Powerful Forces Can Work in Our Favor

Demographics and economic trends can be reversed. Seattle was a troubled city before Microsoft moved there just as that company's growth accelerated. Albuquerque was in ascent before Microsoft left and it has suffered the consequences since. Microsoft moved to Seattle, but Amazon, taking advantage of a new innovators ecosystem, grew up there, confirming Seattle as a limitless "innovation environment." Detroit was at the heartbeat of manufacturing in the world, before it wasn't. Texas was driven by oil and gas, an outsized financial system, and agriculture but with a long history of boom and bust. Now it's a diversified economy with the further benefit of being a headquarters state for corporations.

North Carolina was a mid-ranked economy before the combination of higher education institutions that churned out research ('Research Triangle') and quality graduates, a renewed education system, and an in-migration of labor seeking all range of jobs set off a chain reaction that accelerated growth that continues today. Louisiana is in a long-term bootstrapping exercise that includes a focus on secondary education, work force development, infusing growth capital, and remarkable government transparency. Formerly "dead" population centers are experiencing renewed growth because natural gas has been discovered or manufacturing is drawn to cheap energy.

A bad recession and crummy economic recovery has spawned vast amounts of research on job creation, while at the same time exposing powerful shifts underway in our economy. Well before the recession began in 2007 the correlations between economic growth and jobs growth, jobs growth and wage growth, wage growth and productivity growth had broken; so had the correlation between higher education attainment and job attainment.[13] This weak economic recovery served to illustrate trends already underway. This recovery has also highlighted the effects of big themes such as: the globalization of workforces, the drive for corporate efficiencies, the replacement of workers with technology substitutes, the uneven distribution of wealth and income, the change in the type of entry level jobs, the ease by which corporate growth can take place far away from its origins.

We know that there is a wide separation between the affluent and the poor, but now we know that economic mobility has declined and intergenerational poverty is more pronounced. In our State, unemployment is low but many of the job openings are in retail, hospitality, and leisure (tourism)
- jobs that don't pay well.[14] We see the serious impact that trend has had on personal income taxes in Vermont.[15]

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13 Enrico Moretti, The New Geography of Jobs. Houghton Mifflin Harcourt 2012. Page 104-105 (the "Great Divergence").

14 Vermont Department of Labor, Short Term Occupation Projections (openings 2013-2015): http://www.vtlmi.info/projst.pdf

15 July 2014 Economic Review and Revenue Forecast Update – Table 1A (Page 19): http://www.leg.state.vt.us/jfo/stateforecasts/2014-07%20July%20Forecast.pdf

The economy is in recovery, but not everyone is participating. In our State, nearly 3 7,000[16] children receive free or reduced lunch in their school, at least 30% of people in Vermont are dependent on the Agency of Human Services[17], and 85,000 Vermonters are food insecure.[18]

But, despite the current gloom, history isn't always a guide to a future as illustrated by the successes above. The history of the American economy is filled with examples of unexpected innovation that has enhanced productivity and raised the quality of life for its citizens. Our bet is on Americans and Vermonters in our great economy. It's never paid to bet against our fellow citizens. That doesn't mean everything is just fine. Rather, if things are going to get better, it will come on the heels of innovation – often not the government's domain, but it can sure work hard to create conditions that encourage innovation and growth. That's our theme.

Essential Baseline Requirements

Competent Government and Budget Restraint

A badly managed state is dangerous for its citizens. It injects uncertainty into programs run by or funded by the state; results are likely to be disappointing; long term investment in important sectors will likely be hamstrung and of course, hoped for outcomes will be dashed. Poor management of the State's budget will inhibit real economic growth by injecting ever-greater uncertainty and unpredictability. There is no literature anywhere that says unpredictable or irrational choices by a government ever results in greater economic growth.

Campaign for Vermont has written often of the dangers of spending at an unsustainable rate. You can read about how our state house leaders have not honored this core principle of sound fiscal management in our paper Achieving Accountability[19] and in our recent Op-Ed: Inevitable Consequences[20]

The failure to restrain spending and the inability to prove to Vermonters that the money has been well spent has left the state and its citizens in a precarious position.

We've urged this government to disclose more about where money is spent and how effectively money is spent. We're a high tax state, and likely to remain a high tax state. Telling people how well their money is spent is simply the best antidote to high taxes. Having performance metrics is critical to measurement but also critical to great management and leadership. Transparency is key.

What enterprise do you know of that can be managed or led without good data? None.

16 Vermont Agency of Education Child Nutrition Annual Report. 30,800 free, 5,900 reduced. http://education.vermont.gov/documents/EDUChild Nutrition Eligibility Report.pdf

17 AHS Strategic Plan, Page 4: http://humanservices.vermont.gov/strategic-plan/ahs-strategic-plan/ahs-strategic-plan/view

18 http://www.vtfoodbank.org/About/AboutHunger/HouseholdFoodSecurity.aspx

[19]https://www.campaignforvermont.org/pdfs/06.03.13 CFV Achieving Accountability.pdf
[20]http://vtdigger.org/2 014/06/27/tom-pelham-inevitable-consequences/

Duplication of services and efforts can be found across state government, wasting taxpayer resources and creating confusion for those who need those resources. Economic development programs are not immune from mismanagement and wasting of resources, in fact they are one of the first places we should look.

There is no balanced scorecard of metrics that the state government uses to measure, plan and track economic prosperity. The governor's scorecard is more a campaign tool than a management tool.

See the CFV position paper Achieving Vermont Ethics Standards and Accountability in Government[21]

We believe the first place to look for better performance is AHS. Its budget has grown at a rate of 5.7% (state funds) annually since 2009. It represents 45% of the General Fund and is growing at 8.5% per year.[22] It employs 43%[23] of the state employee pool; and provides a significant amount of funds to private groups that provide outsourced services. And its mission, "To improve the conditions and well-being of Vermonters and protect those who cannot protect themselves," is so critical to who we are as Vermonters that this is the place to begin an intense re-examination of how our government manages itself, uses tax payer funds wisely, and gets good results.

Affordability

Affordability—the cost to live in Vermont is among the most pervasive issues that all Vermonters face. Heating oil prices in Vermont are 12th highest; propane prices rank 4th; natural gas prices rank 8th;[24] gasoline is in the top 10[25]; the cost of residential electricity is the 7th highest[26]; food prices are nearly 25% above the national average; rents are above the national average[27]; property taxes rank 3rd as a percentage of income[28]; and the "Total Tax Implication"[29] ranks us 10th. Vermont's disposable income per capita is ranked 20th at $40,900 - over $6,000 below the New England average.[30] Some of our high costs relate directly to public policy. Some to geography. Some to economic density. But, making the State more affordable (or affordable relative to other northern states) should be a primary goal of our government.

There are many examples of governments creating affordability problems. Some are obvious – income, gas, property, and sales taxes – and some are not – corporate taxes, permitting fees, capital funds, and tax exemptions that are passed along to customers – all of which have the potential to affect affordability. It is unrealistic to expect that raising costs of doing business will

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21 http://www.campaignforvermont.org/cms-assets/documents/147019-779001.cfv-ethics-position-paper.pdf
22 Joint Fiscal Office FY2009-FY2014 State Budget Comparison
23 Calculated from a public records request for employee counts per department/agency from the Vermont Department of Human Resources.
24 November 3rd weekly YTD for Heating Oil and Propane, August monthly YTD for Natural Gas - Heating Oil, Propane, Natural Gas, rankings calculated from EIA.gov data.
25 Based on data collected from fuelguagereport.aaa.com. Average fuel price of regular grade gasoline as of 11/13/2014.
26 Ranking based on August 2014 data: http://www.eia.gov/electricity/monthly/epmtablegrapher.cfm?t=epmt56a
27 Food and Rent index prices collected from numbeo.com
28 Property tax rate ranks collected from tax-rates.org

[29] Total Tax Implication calculated by adding median property tax, average family income tax, and sales tax based on US average taxable retail expenditures. Collected from tax-rates.org

[30] Bureau of Economic Analysis - Personal Disposable Income Per Capita, Table SA50-53 (iTable tool)

not be passed along to customers, especially if the pressure is applied across an entire industry. None of these things are inherently bad, but we must be aware of their effects and honest with ourselves. We should demand the same of our elected officials.

Vermont spends $600 million on tax exemptions, over 10% of the state budget. They don't show up in the state budget, they are considered "tax expenditures" (forgone revenue a.k.a hidden tax). Many of these exemptions make sense, like food and clothing. Some should cause us to pause and think, like manufacturing materials, aircraft parts, or the sale of a mobile home park. We must understand that large exemptions are really pass-offs on the rest of the tax base. Some of them might be worth it, some may not.

Other pass-offs include permitting charges for development, which often times discriminate against small businesses, and efficiency charges. The state of Vermont collected over $21 million in fees in 2013.[31] That's not counting business licenses. Green Mountain Power has a 6% surcharge on residential customers that feeds into an energy efficiency fund established by the legislature.[32] It's essentially another hidden tax. Again these aren't necessarily bad, but they do contribute to high costs of living.

After all, affordability goes to both quality of life and standard of living that our fellow Vermonters experience. The high costs to live here attack the well-being of everyone, but in particular those in the middle class—those who aren't insulated from high costs by income levels or government aid. Rising costs to live in Vermont broaden the attack on living standards that particularly target both the retired and the poor. It affects the ability to spend locally, attract young people, raise a family, and retire here. In short, affordability affects our ability to live in Vermont.

An Education Framework for Growth

Education is a magnet for parents and their children. It centered the growth of American suburbs in the 1950's and 1960's. And it remains top of mind for parents. An education system that is among the best in the world can both attract economic investment, young families with children and does better for children who are in a disadvantaged situation, if it is well managed. Our current system, though well intentioned, is expensive and administratively bloated.

Campaign for Vermont has offered a pathway for enhancing the quality of our education system, pre-k rollout to all school districts, and re-casting both the governance and the methodology of financing education in our paper Education for the 21st Century.

We believe in local control—but real local control. If we re-connect local taxpayers with a more local budget than the right decisions on spending and taxes will be made. Vermonters aren't idiots; the current system treats them that way with its top down approach.

[31] 2014 Fiscal Facts, page 7 - http://www.leg.state.vt.us/jfo/publications/2014%20Fiscal%20Facts.pdf

[32] Rate 01: 0.00931/0.1469 = 0.063 (energy charge/efficiency charge) - http://www.greenmountainpower.com/upload/photos/3082012DecemberRatesAndServicesGMPLegacy.pdf

[33] http://www.campaignforvermont.org/wp-content/uploads/2014/09/12.08.12-CFV-Education-Paper.pdf

A well-positioned education system can – and will – create a skilled and diversified workforce capable of meeting the needs of modern and cutting-edge companies and attracting such businesses to Vermont. We can do this.

Specific Recommendations

Build a Broad-based Coalition in Support of Economic Growth

Campaign for Vermont doesn't believe there is one thing that enables broader economic growth— it's a whole series of connected policy actions. Reversing long-term negative demographic trends cited above will take time to reverse. Support for a long-term approach that is protected from those who would advocate for no-growth policies that suppress economic prosperity is essential. And, it's the persistence of those policies that will generate predictable responses.

We must broaden our understanding of economic development. Often we think of tax incentives, TIF districts, or downtown tax credits as means of economic development. We must change our thinking if we are going to succeed. It starts with a solid education system, accessible postsecondary training, efficient use of resources, and investing in high-impact areas. In short we must start thinking about economic development holistically.

Persistence of growth policies needs a broad based citizens' coalition that will protect this vitally important theme from shortsighted decision-making. Instability and unpredictable public policy from all levels of government is a persistent issue for businesses. If they know what to expect, they can plan for the future and expand job opportunities. A strategic plan and an accompanying Strategic Budget will provide this type of predictability.

Substantial Realignment of State Resources Supporting Economic Development

A broad based citizens coalition is critical, but not enough in and of itself. A cohesive approach across state government is also needed such as recommended by the Next Generation Commission. A coordinated effort across state government to focus resources of economic development will better serve our small business employers and workers.

In the fall of 2014, the Agency of Commerce & Community Development (ACCD) released a 'Comprehensive Economic Development Strategy' (CEDS) plan for economic development. We observe that CEDS is really an entry requirement for U.S. Economic Development Association grant seeking. We also observe that governments at every level are basically out of money. We have a list of prior efforts to develop some planning mechanisms that noticeably creak under the weight of process, and empty coffers. So far we have failed to create the public private partnerships that are working so effectively at economic renewal around the US. It's time for the business community to step up and lead.

Our economic development effort at the State level offers EB5 consulting, export/import advice, navigation through a labyrinth of grant initiatives, workforce development (VPT), and loans and tax incentives, but lacking a tied-together approach, much of the value is fixing glitches: need fast work on an Act 250 issue? Call someone. Need a project expedited? Call someone. Object to the uneven enforcement of a regulation? Call someone. That might get results, but it isn't a functioning process. It's an invitation to grant favors and treating people and employers unevenly.

Economic Development under the ACCD has suffered a long-term neglect — funding has declined from 17% to 12% of the state budget between 2002 and 2015. It has suffered from a lack of support during a time in which human services and education have absorbed large amounts of tax dollars — 39% and 14% increases respectively since 2009. Further, the Commissioner of Economic Development position sat unfilled for eight years. ACCD's decline is a good proxy for the state of economic policy in Vermont.[34]

Currently the state resources aimed at economic growth are scattered across the landscape of state government, thwarting a common focus and coordinated effort toward success. Absent such synergy, many opportunities for small businesses go undiscovered and get lost among the stove pipe system we now have. This disarray of state efforts could be addressed by an economic 'champion' as proposed by the Next Generation Commission. This individual would lead a group of experts on economic development responsible for coordinating all facets of economic development within the state of Vermont with the goal of creating shared prosperity for all Vermonters.

To dedicated students of state government, the following list of "stove pipe" service centers and associated recent financial information in support of economic development might seem rational, but to most folks outside government it's a confusing and time absorbing maze.

Vermont Economic Development Authority (VEDA)	Total assets $208.6 M
Vermont Sustainable Jobs Fund (VSJF)	Budget of $587,000
Agency of Commerce and Community Development (ACCD)	Budget of $41.7 M
Vermont Employment Growth Incentive (VEGI)	Tax Incentives of $29.2M
Working Lands Enterprise Initiative (WLEI)	Budget of $1.425 M
Vermont Housing Financing Agency (VHFA)	Total assets of $620.2M
Vermont Housing Conservation Board (VHCB)	Total assets - $153M
Efficiency Vermont (EV)	Budget - $41.4 M
Vermont Clean Energy Development Fund (CEDF)	Budget of $5.5 M
Vermont Office of Economic Opportunity (OEO)	Budget of $5.8 M
Vermont Training Program (VTP)	Budget of $5 M
Vermont Workforce Development Program (WDP)	Grants totaling $350,000
Vermont Center for Emerging Technologies (VCET)	Capital Fund of $5M

Many of these entities support overlapping initiatives. For example, VEDA invests in agriculture and energy efficiency, the VSJF supports the "Farm to Plate" program and the Renewable Energy Atlas, the VHCB sponsors the Vermont Farm and Forest Viability Program, the WLEI invests in "agriculture and forest based business," EV invests in efficiency savings for agricultural facilities, businesses and residential facilities while OEO as well invests in home energy efficiency, and the

[34] Joint Fiscal Office conference appropriations 2009-2015 (minus federal funds): http://www.leg.state.vt.us/jfo/appropriations/fy2015/MultiYearApprops09thru15CAGRs.pdf

CEDF invests in renewable energy generation. The state is decommissioning Vermont Yankee, they have a state energy plan, but has not tied it to economic development – even though energy is one of the highest costs of virtually every business in Vermont. It's time to tie together, strengthen and accelerate the work to create a sustainable economic future.

As part of this, ACCD needs as much renewal as AHS. Creating a one-stop-shop for our small businesses, starting with the Secretary of State's website and tying in with regional development efforts, will provide essential tools to small business owners. Additionally, creating a common application for all state funding and grant programs will streamline the process for small business owners and give them better access to state resources. We're a small state with few financial resources; we need to focus those resources. That's the only way it can have an impact.

We Don't Know Our Employers Well Enough

Campaign for Vermont recommends that the state, under the direction of an economic 'champion,' form a calling effort on our non-Vermont-based employers that would include their headquarters. And, in partnership with our regional economic development teams, develop a deep and broad systematic calling effort on the largest VT-based companies. Our state was blindsided by Energizer's decision to leave; we didn't know of the concerns of Huber+Suhner or Kennametal; and we still don't know the concerns of Blodgett, or General Electric, or Global Foundries.

Governors visit and shake hands and that's good but doesn't necessarily lead to a substantive and knowing relationship. It won't give us market-based direction about job skills needed, or opportunities to share a common vision, or help in overcoming challenges before they become chronic problems. We may know the local representative of a non-Vermont-based company and many know the owner or CEO of a locally owned company. That isn't the same as knowing the company's needs, wants, challenges and goals. Developing a cumulative knowledge base is crucial to building a durable and shared relationship over time that transcends any one governor's time in office.

We know surprisingly little about the largest group of employers in the State—small enterprises. They employ 60% or more of all jobs in the private sector.[35] They're ubiquitous, but they may have little access to the services offered by the State such as Efficiency Vermont, VMEC, UVM's Family Business Center. We can provide solutions and support, but only if we know them well. Not all small businesses are the same, but often we treat them simply as small businesses. Most aren't planning to grow. Some have aspirations, and a few will actually exceed those aspirational challenges.

The Kauffman Institute and other related research points to start-ups as a source for job growth, and they aren't often wrong.[36] Newer research is showing that much of the net employment growth in our country comes from as few as 350,000 'high impact' entities.[40] Ninety percent of them have fewer than 19 employees when they began a rapid acceleration.[37] They aren't

35 http://www.sba.gov/sites/default/files/vt12.pdf

36 http://www.kauffman.org/

37 SBA, Accelerating Job Creation in America, 2011: http://www.sba.gov/sites/default/files/HighImpactReport.pdf

necessarily technology companies, but most are innovative. Spotting them before they face challenges too great to overcome is critical. Engaging with them before they migrate to another state is crucial. Only intensive canvassing will give us a picture of the full universe of small business in Vermont. Those calling efforts should be done locally through regional economic development efforts, but be coordinated with statewide efforts. We want more dynamic information, and we need a 'heat map' of small businesses in every commercial center in Vermont. Who they are, what do they need, and what we can do for them. Vermont can be, and ought to be the best place and most welcoming place for small business.

Train, Improve, and Enlarge Our Workforce

Workforce development – training, improving, and enlarging our workforce – is the lynchpin of shared prosperity in Vermont. It empowers Vermonters with earning potential and provides Vermont businesses with human capital to grow. Nothing is more important.

Workforce development efforts are spread across many state agencies and many private contractors (Vermont Training Program, Career Resource Centers, Regional Development Centers, The Office of Continuing Education and Workforce Development, Workforce Investment Boards, etc.), making it difficult to measure effectiveness or to even know how much we are investing. There is no universal budget that can be tracked or defined. And, the most popular program among our employers, the Vermont Training Program (VTP) has had its budget reduced by over 30% since 2010.[38]

There are success stories in the system, but the economy around us has changed and the unfolding of the demographic trends here is accelerating. Today's successful workforce development efforts don't look like the programs of the past. Considering the changed nature of starter jobs and bridge jobs, the shrinking and aging labor pool in Vermont, the number of Vermonters that are dependent upon financial aid, tomorrow's workforce efforts shouldn't look like today's.

The Next Generation Commission (2006) delivered its mostly ignored recommendations that, "Vermont must view the future holistically by viewing economic development, workforce development, and education policy as necessarily integrated." Campaign for Vermont is in full agreement with that assessment.

We recommend the following to improve our workforce:

- Create a comprehensive budget for workforce development; define every program, every funding source; and develop a method to accurately measure results. No program in the state should be continued unless it has a 5-year horizon for results and budgets. The chronic lack of budget visibility limits the effectiveness of programming and results. This effort should be under the purview of the economic 'champion.'

38 Obtained by a public records request to the Vermont Department of Economic Development. We did not compare current funding levels to 2008 and 2009 because they were bolstered by Federal ARRA funds.

- Restore the budget of the Vermont Training Program. Until the development of a more robust workforce development effort, it's the closest thing we have to an employer-driven customized effort. Vermont somehow seems skeptical and disinterested in participating in some of the exciting workforce development efforts underway around the world. That must change.

- Re-invigorate the Workforce Investment Boards (WIBS). The most successful programs in America have deep ties to the business community and its leaders. Without knowing what jobs are what skills are likely to be in demand, the program will fail.

- The 17 Tech Centers are oriented in different ways and have different relationships with their surrounding school districts. But, entry-level jobs are going through a radical change, and the nature of those new entry-level positions often require more than basic job skills. Just as The Vermont Training Program is a 'market-driven' training program, a close alliance with employers driving curriculum at each tech center can do the same. Some have that tight group of advisors for curriculum, but not all of them do.

- We need to connect Tech Centers and career path to our state college units. Some entry level or career track positions require more than a high school education, but less than a four-year college education. That's where our state college system should be more closely aligned, by offering skills that 'finish' a high school graduate with higher-level skills including interviewing skills.

- Internships are ever more popular, but apprenticeship offers intensive training for particular skills. Unions have used them successfully for years. We should offer tax credits that encourage broader acceptance of the apprenticeship way.

Other parts of the United States and the world have been able to implement successful workforce development efforts. We should look them as model for what we can do in Vermont.[39]

The "Efficient Manufacturing State"

Targeting economic investments and encouraging growth in specific high-impact areas will use our resources most efficiently and have the most effect on prosperity in our state. Efficient manufacturing and research and development efforts are such opportunities.

We have a sizeable base of manufacturers in our state and manufacturing represents about 12% of our economy, 11% of our workforce[40] and pays 36% above average Vermont wages.[41] It offers a rich stream of value and has a powerful effect on an economy. And, research on high impact entities show that manufacturing is host to a significant percentage of those entities that create much of the jobs growth in the U.S.

[39] http://www.brookings.edu/~/media/research/files/papers/2013/12/04%20workforce%20development%20jacobs/fedroleworkforcedev

[40] VT Advanced Manufacturing Report - http://accd.vermont.gov/sites/accd/files/Documents/accd/AMP-Report-2013.pdf

[41] Vermont Economy Newsletter, June 2011 - http://www.vmec.org/about-vmec/why-manufacturing-is-important-to-vermont

Additionally, manufacturing inspires research and development and innovation. Positions in research and development across several sectors may have multiplier effects as high as five.[42] Meaning that for every one position created in R&D it creates five jobs in other areas. This is a phenomenal return on investment, and provides many opportunities for the state to encourage growth. For example, in biomedical research at UVM and Fletcher Allen, eye protection devices at Revision Eyewear, or UTC Aerospace.

In 2013, a blue ribbon group created a blueprint for reviving manufacturing – but like most such efforts, failed to gain funding, sponsorship or the program management for its implementation.

Recent innovations in Vermont have increased the efficiency of manufacturing in some businesses. We can find more efficiencies. A partnership between the Vermont Manufacturing Extension Center (VMEC), Vermont Technology Alliance (VTTA), Efficiency Vermont, higher education institutions, and other experts led by an economic 'champion' could create a coalition that would provide support for manufacturers in the state to find and implement efficiencies in their manufacturing processes.

Creating such efficiencies in Vermont's manufacturing industries will make Vermont businesses more competitive and sustainable, and free capital for reinvestment. This is the kind of growth we need to promote a dynamic and prosperous economy. Let's make Vermont the state of efficient manufacturing.

Closing the Income Gap and Enlarging the Work Force: Expand the EITC

Campaign for Vermont recommends that the State enact a 100% increase in the Earned Income Tax Credit (EITC), effective in 2019. We recommend that the legislation set very specific and enforceable triggers activating that increase based upon reforms in state government that would off-set the cost to the general fund of increasing the EITC. No reforms—No increased EITC.

The EITC is among the most powerful tools available to provide direct and efficient aid to low income people. It is a wage subsidy for low-income workers.

Presidents since Ford (the EITC effort began in 1975) to Reagan ('the best anti-poverty...the best job creation measure), to Clinton (if you work 40 hours a week... you will no longer be in poverty') to Obama ('this will boost those on the first rungs of the ladder) have embraced this program. In 2009 President Obama proposed expanding the program, and making it more generous for those without children. He was right. Studies show it is a powerful force in raising the incomes of low income women. The President said EITC induces one in ten parents to enter the labor force when introducing new incentives for working.

In 2012 the cost of the EITC was about $26.5 million benefiting 44,500 filers earning up to $50,000. At this limit of $50,000 this program is an excellent pathway to Vermont's middleclass (median income is just about that level). This isn't an entitlement. It would be available for those who do not rely upon human service benefits and on a progressive basis for those with some

[42] Page 15 - http://eml.berkeley.edu/~webfac/eichengreen/e196fa11/moretti19611-2-11.pdf

reliance on those benefits. A filer earning between $15,000 and $25,000 annually, would see a cash increase of over $1,000.[43]

The cost of increasing the EITC would be less than 0.8% of the General Fund. Reforms in economic development, human services, and education spending can provide a cost-neutral pathway for an increase in the EITC.

We believe the systems delivering economic development programs and human services benefits are unfocused on clear goals and related measurements for success, and are bureaucratically expensive.

Higher Education Matters, But Not in the Way You Think

Vermont is home to 43,000 college students, likely half of whom come from out of state.[44] This gives us an incredible opportunity to bring jobs to our state if we focus on employing and retaining our college students.

We have nearly 30 higher education institutions in Vermont; the most per capita in the country.[45] It provides us with a special opportunity. They are in the business of importing young people between the ages of 17 and 25. We ought to take advantage of that. To some extent, we already have—nearly 35,000 UVM graduates live in Vermont and a significant number weren't born Vermonters. Champlain College reports that more than half their graduating seniors remained in Vermont. We can do more, and we should.

The State does little to provide services that would keep them here. We ought to build a proactive program that has a long-term orientation providing matching services, orientation opportunities and recruiting efforts. In many states, the Chambers of Commerce run programs for high school students to learn to start businesses – Junior Achievement. In some states (California), middle school and high school students are required to have one week of outdoor, experiential, science- based education every year. Vermont could become a leader in bringing these ideas together into a program that would teach and support the kind of entrepreneurship that would promote its brand and cadre of green entrepreneurs.

Moreover, research is re-affirming that Champlain College's approach to 'taught' entrepreneurship works. Some are born with that talent. Others are shown it. Let's find ways to reach more young men and women.

The Bayh-Dole Act, passed in 1980 gave universities the rights to patent innovation that is funded by federal grants. It encouraged higher education institutions to commercialize intellectual capital supported by government grants, mostly for research.

[43] 2012 Vermont Income Tax Returns - http://www.state.vt.us/tax/pdf.word.excel/statistics/2012/incomestats2012state.pdf
[44] UVM: 11,788 + VSC: 12,656 + Independent Colleges: +/-19,000 = +/-43,444

[45] Number of colleges from VSAC (link below). Ranked 1# by both Answers.com and eHow.com.
http://services.vsac.org/wps/wcm/connect/0116c6004065aec6ad14ff5080bf804e/VHECDegreeDirectory.pdf?MOD=AJPERES

The results have been spectacular. Research centered universities have spawned large numbers of innovation-based companies. Since the 1980's and especially since the 90's these efforts have converted ideas to patents to ventures to revenues to jobs. Lots of jobs. Large companies such as Google, Cisco, Cirrus, and Yahoo were developed from this process. In 2013, 5,714 patents were issued and 14,995 new applications were filed.[46] It's a big deal.

The University of Vermont has a strong effort which currently has 49 active license agreements with companies providing goods or services.[47] Sixteen startups have been formed from this effort, fourteen of which are in Vermont.[48] They're good at this. Let's unleash them throughout the state. An economic 'champion' working with the Vermont Technology Council, VCET, and the Independent College Association have an opportunity to create a broader based effort that would include teasing out ideas on additional college campuses, hospitals, and other educational institutions. After all, intellectual capital resides there.

Conclusion

Vermont lacks an economic development strategy that links research, entrepreneurship, manufacturing, startup capital, higher education, workforce training, and affordability under one comprehensive economic development plan. Businesses are changing to meet the needs of our modern economy, so must our approach to economic development. We must learn to approach it holistically. We believe in Vermonters, but Vermonters are beginning to lose faith in Vermont. Demographics continue to be concerning as our state ages; incomes are declining and good-paying jobs are becoming harder and harder to find. We can turn things around, but only if we partner together in a cohesive push for reform. We can capture the innovative Vermont spirit. We can invest in our future. We can create prosperity for every Vermonter. It is not too late. Join us in calling on – and mobilizing - our leaders for reform. AUTM U.S. Licensing Activity Survey: FY2013 http://www.autm.net/AM/Template.cfm?Section=FY 2013 Licensing Activity Survey&Template=/CM/ContentDisplay.cfm&ContentID=13870

47 Information obtained from UVM Office of Technology and Commercialization

48 http://www.uvm.edu/uvminnovations/?Page=about/default.php&SM=aboutmenu.html

VERMONT ENTRENEUR TO ENTREPRENUER INVESTMENT PROGRAM

VTe^2

The Vermont Entrepreneur To Entrepreneur Program is a proposed lending / investment program designed to encourage and support investment and collaboration between established Vermont entrepreneurs and developing Vermont entrepreneurs. Established entrepreneurs often find themselves in the position of wanting to give back by investing capital theyve earned in Vermont with one of Vermonts emerging entrepreneurs or companies. At times, they are reluctant to do so because of a lack of incentives and / or the cost of registering as a licensed lender. Emerging entrepreneurs often find themselves unable to locate the start-up capital required to support their developing companies. Those companies and entrepreneurs often abandon their ideas and / or migrate from Vermont.

The program provides incentives to bridge those gaps and connect established entrepreneurs with emerging entrepreneurs. The program not only provides a means of start-up capital and job creation, but also encourages mentoring and idea sharing. It provides another reason for young entrepreneurs to stay and grow their business in Vermont.

Entrepreneurs desiring to invest in the program would register their intent with the Vermont Department of Economic Development, creating a database of entrepreneurs who are open to lending to emerging companies. Entrepreneurs desiring a loan or investment would do the same. The Department would connect the two via a web page and face to face forums or mixers.

An established entrepreneur can make **VTe^2** loans to emerging entrepreneurs up to $500,000 in aggregate. There would be no restrictions on the terms of the loans. Those desiring to invest or loan more than $500,000 could seek a waiver through the Department.

Loans would be registered with the Vermont Department of Economic Development. The registration would be simple and would have a nominal registration fee. The loan would be assigned a **VTe^2**registration number for tracking purposes.

The interest earned on registered **VTe^2** loans would be exempt from Vermont income taxes. Loans made through this program would not require the lender to be a licensed lender under Vermont Statutes, regardless of how many loans are made (For example, an established entrepreneur may choose to make ten $50,000.00 loans to 10 different companies).

The lending entrepreneur may choose to make a direct investment with an emerging Vermont entrepreneur rather than a loan. In this event, any dividends or capital gains resulting from the investment would be exempt from Vermont income tax.

Possibly a jobs credit program, whereby the emerging company would be awarded a $1,000.00 tax credit for every new job created and maintained for a period of two years. The credit could be retained by the job creator or assigned to the lending entrepreneur.

I believe the net cost of this program is minimal. Assuming $20,000,000 in loans @ 10% annually, the state of Vermont would forego approximately $168,000 per year in income tax revenue. The taxes collected on the invested capital (payroll, investment, sales, etc.) would likely offset the foregone taxes on the investment or loan.

February 2, 2015

Representative Shap Smith
Speaker of the House
Vermont Legislature
Montpelier, Vermont 05620

Re: Input on Economic Growth and Job Creation

Mr. Speaker

The Vermont Chamber of Commerce’s five-member lobbying team has been working to promote our Economic Growth Agenda, which offers a plan that will ignite economic growth, create greater affordability, and generate more jobs for Vermonters. With a $100 million projected budget deficit this year, we understand that spending and revenue will drive policy discussions at the State House. To solve these ongoing challenges, economic growth and job creation must be at the forefront of all discussions in order to increase revenues to the state of Vermont.

The Vermont Chamber will continue to bring that voice to the State House, in order to ensure that economic growth is part of the solution. The Economic Growth Agenda will show legislative leaders how to support an environment that will grow our economy, create greater affordability, and generate more jobs for Vermonters.

In response to your request for economic growth input and within the context of the VCC's Economic Growth Agenda, I have focused on three areas in the Act 250 environmental review process that will help ensure new economic growth and the creation of jobs without jeopardizing Vermont's environmental qualities. These elements include: some statutory adjustments to Criterion 9(L) for increased clarity for applicants and District Commissions; transferring the "burden of proof" under all criteria in Act 250 appeals to the appellants for greater judicial economy; and, affirming the legislature's intent in providing "off-site mitigation" for well designed development on primary agricultural soils in areas planned for intensive growth by the municipalities and the regional planning commissions. We recognize that some well designed development will necessarily occur outside of Vermont's formally designated "growth centers" - of which only six have been designated.

These proposals are fully explained in the attached document with proposed statutory language for full implementation. I would be glad to meet with you to discuss these ideas in greater detail.

Sincerely,
Michael Zahner

Lobbyist Land Use, Environment and Energy

Vermont Chamber of Commerce

Prepared by Michael Zahner
February 2, 2015

Speaker seeks ideas for job growth in Vermont - January 20, 2015

I. Proposed Revision to Act 250's Criterion 9(L) and pertinent definitions

Rationale: *The Vermont Chamber expressed serious reservations last year regarding a re-write of Act 250's Criterion 9(L) which purports to encourage smart growth but with many unintended consequences; and, the inclusion of a new definition for "strip development" which is sufficiently broad to include the configuration of some industrial and commercial parks planned and implemented by Vermont municipalities. Thus, there is a potential for certain industrial and commercial projects to be denied under the new Criterion 9(L) even though those projects may fully comply with duly adopted local and regional plans. This will lead to increased litigation, strained relationships between local and state officials and a negative impact on local and regional economies. Two major projects with significant economic benefit to local economies have already pulled out of the Act 250 process after filing complete applications. We recommend constructive changes to Criterion 9(L) below which will make it clearer and easier to implement.*

(L) Settlement patterns. To promote Vermont's historic settlement pattern of compact village and urban centers separated by rural countryside, a permit will be granted for a development or subdivision outside an existing settlement when it is demonstrated by the applicant that, in addition to all other applicable criteria, the development or subdivision:

(i) will make efficient use of land, energy, roads, utilities, and other supporting infrastructure **<u>through compact site development in order to avoid conflicts with agriculture, forestry, and other natural resource based land uses and promote the protection of headwaters, streams, shorelines, floodways, rare and irreplaceable natural areas, necessary wildlife habitat, wetlands, endangered species, productive forest lands, and primary agricultural soils</u>**;

(ii)(I) will not contribute to a pattern of strip development along public highways**, <u>if such pattern is found to exist by the District Commission, by designing the development or subdivision to reasonably minimize the characteristics listed in the definition of strip development under subdivision 6001(36) of this title</u>**; or

(II) if the development or subdivision will be confined to an area that already constitutes strip development, incorporates infill as defined in 24 V.S.A. § 2791 and is designed to reasonably minimize the characteristics listed in the definition of strip development under subdivision 6001 (36) of this title.

(iii) In making these determinations, the District Commission shall consider all elements of criteria 9(F)[1], 9(H)[2], 9(K)[3] and 10[4] in making its findings under criterion 9(L) to insure overall consistency under those pertaining land use considerations.

Act 250 Definitions

(16) (A) "Existing settlement" means an area that constitutes one of the following:

(i) a designated center; or

(ii) an existing **or an emerging** center that is compact in form and size; that contains a mixture of uses that include a substantial residential component and that are within walking distance of each other; that has significantly higher densities than densities that occur outside the center; and that is typically served by municipal infrastructure such as water, wastewater, sidewalks, paths, transit, parking areas, and public parks or greens.

(B) Strip development, outside an area described in subdivision (A)(i) or (ii) of this subdivision (16) shall not constitute an existing settlement.

1 *(F) Energy conservation. A permit will be granted when it has been demonstrated by the applicant that, in addition to all other applicable criteria, the planning and design of the subdivision or development reflect the principles of energy conservation, including reduction of greenhouse gas emissions from the use of energy, and incorporate the best available technology for efficient use or recovery of energy. An applicant seeking an affirmative finding under this criterion shall provide evidence that the subdivision or development complies with the applicable building energy standards under 21 V.S.A. § 266 or 268.*

2 *9(H) Costs of scattered development. The district commission will grant a permit for a development or subdivision which is not physically contiguous to an existing settlement whenever it is demonstrated that, in addition to all other applicable criteria, the additional costs of public services and facilities caused directly or indirectly by the proposed development or subdivision do not outweigh the tax revenue and other public benefits of the development or subdivision such as increased employment opportunities or the provision of needed and balanced housing accessible to existing or planned employment centers.*

3 *9(K) Development affecting public investments. A permit will be granted for the development or subdivision of lands adjacent to governmental and public utility facilities, services, and lands, including, but not limited to, highways, airports, waste disposal facilities, office and maintenance buildings, fire and police stations, universities, schools, hospitals, prisons, jails, electric generating and transmission facilities, oil and gas pipe lines, parks, hiking trails and forest and game lands, when it is demonstrated that, in addition to all other applicable criteria, the development or subdivision will not unnecessarily or unreasonably endanger the public or quasi-public investment in the facility, service, or lands, or materially jeopardize or interfere with the function, efficiency, or safety of, or the public's use or enjoyment of or access to the facility, service, or lands.*

4 *(10) Is in conformance with any duly adopted local or regional plan or capital program under chapter 117 of Title 24. In making this finding, if the district commission finds applicable provisions of the town plan to be ambiguous, the district commission, for interpretive purposes, shall consider bylaws, but only to the extent that they implement and are consistent with those provisions, and need not consider any other evidence.*

(36) “Strip development” means linear commercial[5] development along a public highway that includes three or more of the following characteristics: broad road frontage **combined with limited reliance on shared highway access,** predominance of single-story buildings, lack of connection to any existing settlements **or surrounding land uses** except by highway, lack of connection to surrounding land uses except by highway, lack **of functional** coordination with surrounding land uses, and limited accessibility for pedestrians. In determining **whether an area** in which a proposed development or subdivision **will be located** constitutes strip development, the District Commission shall consider the **man-made or natural** topographic[6] constraints in the area in which the development or subdivision is to be located, **as well as applicable local and regional plans**. **Industrial and commercial parks located outside of existing settlements shall not be considered to be strip development notwithstanding the existence of three or more characteristics described herein.**

II. Changing the Burden of Proof to the Appellant in Act 250 Appeals

Rationale: *The Vermont Chamber of Commerce has supported implementation of a "review-onthe-record" standard for Act 250 appeals to the Environmental Court. If the "appeal-on-therecord" standard cannot be accomplished, the Vermont Chamber will support transferring the "burden of proof" to the appellant(s) in any de-novo appeal of an Act 250 decision to the Environmental Court to achieve greater judicial economy. Statutory changes are proposed below.*

10 V.S.A. § 6088. Burden of proof

(a) The burden shall be on the applicant with respect to subdivisions (1), (2), (3), (4), (9) and (10) of section 6086(a) of this title.

(b) The burden shall be on any party opposing the applicant with respect to subdivisions (5) through (8) of section 6086(a) of this title to show an unreasonable or adverse effect. (1969, No. 250 (Adj. Sess.), § 13, eff. April 4, 1970.)

(c) The burden shall be on any party bringing an appeal to the environmental court under chapter 220 of this title.

10 V.S.A. § 8504. Appeals to the Environmental Division (Chapter 220 of Title 10)

(a) Act 250 and agency appeals. Within 30 days of the date of the act or decision, any person aggrieved by an act or decision of the Secretary, the Natural Resources Board, or a District

5 "Commercial" is defined as: "business, businesslike, economic, engaged in commerce, financial, in the market, ***industrial***, jobbing, ***manufactured for sale***, mercantile, merchandising, monetary, pecuniary, pertaining to business, pertaining to merchants, pertaining to trade, ***prepared for sale***, skilled in commerce, supplying, trade, trading." Free Law Dictionary ***http://legaldictionary.thefreedictionary.com/commercial*** (emphasis added)

6 Topography: The three-dimensional arrangement of physical attributes (such as shape, height, and depth) of a land surface in a place or region. Physical features that make up the topography of an area include mountains, valleys, plains, and bodies of water. ***Human-made features such as roads, railroads, and landfills*** are also often considered part of a region's topography. (emphasis added) ***http://www.thefreedictionary.com/topography***

Commission under the provisions of law listed in section 8503 of this title, or any party by right, may appeal to the Environmental Division, except for an act or decision of the Secretary under subdivision 6086b(3)(E) of this title or governed by section 8506 of this title.

* * *

(k) Limitations on appeals. Notwithstanding any other provision of this section:

(1) there shall be no appeal from a District Commission decision when the Commission has issued a permit and no hearing was requested or held, or no motion to alter was filed following the issuance of an administrative amendment;

(2) a municipal decision regarding whether a particular application qualifies for a recorded hearing under 24 V.S.A. § 4471(b) shall not be subject to appeal;

(3) if a District Commission issues a partial decision under subsection 6086(b) of this title, any appeal of that decision must be taken within 30 days of the date of that decision.

(4) In an appeal from a District Commission decision, the burden of proof shall be on the appellant(s) pursuant to 10 V.S.A. § 6088.

III. Offsite Mitigation for Development on Primary Agricultural Soils

Rationale: *Prior to legislative changes in 2006 (Act 183), major conflicts emerged in Act 250 when well designed projects proposed for areas planned for intensive growth by the municipalities and the regional planning commissions were subject to denial since they had not been adequately clustered proposed development on the project tract in order to preserve a sufficient acreage of primary agricultural soils, a requirement of subcriterion 9(B)(iii) of Title 10. This requirement often resulted in isolated pockets of protected agricultural soils unlikely to be farmed in the future. Prior to 2006, the statutory language of Criterion 9(B) of Act 250 represented the antithesis of "smart growth" since it did not allow high density development to occur on primary agricultural soils in areas served by public investment and infrastructure. This led to the passage of Act 183 (Vermont's Growth Center Act) in 2006 with major revisions to Criterion 9(B) which codified "offsite mitigation" through the payment of mitigation fees to the Vermont Housing and Conservation Fund in circumstances deemed appropriate by the district commissions. Clarifications are required in the underlying law to give full effect to legislative intent as demonstrated in H.448 passed by the House in 2014 referenced below.*

http://legislature.vermont.gov/assets/Documents/2014/Docs/BILLS/H-0448/H0448 %20As %20Passed%20by%20the%20House.pdf

Dear House Speaker Shap Smith:

You have asked for comments from Vermonters on job growth, economic development, etc.
We are native Vermonters and are not happy with the direction of state government. Taxes too high, too many rules and regulations for business growth. Legislators want to raise taxes on the very people who bring their business to the state and employ our residents. Too many teachers for declining student population.

We have a new business that wants to move to Rutland Town, which we need, but, an amended criterion to the state's land-use-law is stopping development in the town. Saxon Properties has proposed a 71,970 square foot wholesale club along with a pair of restaurants in the commercial area of Rutland Town. But, the new criterion, known as 9L has stopped this project. Rutland Town has lost a plywood manufacturer and a couple hundred jobs to fire last year, JC Penney is moving out in April. Sears moved out a few months ago. Aubuchon's Hardware has just closed in Rutland. The only businesses that seemed to get approved are the ones that want to open in Burlington area.

Then we have these large scale solar projects ruining the beauty of the state. Towns have no say in where these ugly projects are allowed! This needs to change! Rutland town is fighting one of these huge solar arrays now. GroSolar is now proposing a 15 acres of these things which will have a severe, irreversible negative impact to eight neighboring historic properties and to the scenic landscape. How many tourist dollars will be lost when all of our fields and land are covered with these things. People don't flock here from out of state to look at fields of solar panels!

Hopefully legislators will take a deep breath and think a little more before they raise taxes, burden business with more punitive regulations and give towns some say in where solar projects will be allowed!

Sincerely,

Raymond & Linda Leonard
P.O. Box 215
Center Rutland, Vermont
05736

Dear Shap,

I'm writing for the Vermont Working Lands Coalition. As you know, we believe that the state investments in farm and forest enterprise development through WLEB have significant and long-term return in jobs, economic activity and in conserving land in practice. WLEB investments in private sector infrastructure systematically advances key parts of the working lands economy, from cheeses to meats to apples. WLEB has reported findings from its first year investments that demonstrate solid job growth and enterprise development. We expect that subsequent reports will demonstrate a growing wedge of jobs and business growth that will build upon success year to year. WLEB is a product of House leadership with transformational impact in advancing Vermont's working lands renaissance.

It would be tragic if WLEB investments were lost this year and then, in the future, we looked back sadly on the day when the foods systems movement was blossoming. WLEB investments should not be seen as a fashion, or a two year stimulus. We hope that you can support ongoing investment in WLEB for the next few years, and that the legislature can provide for the investment of $1M through WLEB this year.

As you know, the Governor's budget would cut WLEB by around $700,000 to just under $500,000. Of the $500,000, around one third would be for Agency of Agriculture staffing, and the rest would all go to "technical assistance" through service provider grants. We believe that, by eliminating seed grants to small enterprises and the leveraging investment in larger infrastructure projects, Vermont would undermine much of the good work that has already been accomplished.

Thanks so much, Shap,

Paul

Paul Costello
Executive Director
Vermont Council on Rural Development
P.O. Box 1384
Montpelier, VT 05601
802-223-5763
pcostello@vtrural.org
www.vtrural.org

Hi Fellow and Madam Legislators;

Mr. Larson is stepping down as Comm. of State Health Dept., he has a rocky ride tied in with Vt, Health Connect which turned out to be a part of the Federal Affordable Care Act (no thanks to our Governor for any part of this) Lawrence Miller stepped in (another buddy of the Gov.).

I will start with Lt. Governor speaking at the St. Johnsbury Development Fund Luncheon; Lt. Gov. said the state is in a Crisis as to all I have titled in my subject this probably is just a few of the problems that Gov. Shumlin and the Legislature is responsible for! I will address a couple others-driving young people from college away, young families and Senior Citizens trying hard to keep up (for how long?). You folks can get a copy of the Caledonia Record that came out Wed. Jan. 28, 2015 and read it in detail.

Mr. Miller told you folks recently so called million $ costs shifted to private Ins. Such as my supplemental premium over the last 5 to 8 years or so has doubled my monthly premium from what it use to be- how long can we afford this, this mainly because of Medicaid pays only 40 to 60 %, you can't blame it all on Medicare patients or our personal Doctors!

Another disturbing subject is the ride is Mr. Gruber who came from the Federal Affordable Care Act to run the single payer health care system for none other than Gov. Shumlin. Shumlin Adm. has or had paid him $160,000 so far as payment on two invoices submitted by him last year without any basic information as to what work he or his workers had done. An Example From the State Auditors report-Each Invoice billed $100,000 to $50,000 for 100 hours work by Gruber at 500 per hour; and $50,000 for 500 hours work by his research assistants at $100 per hr..

This information was in the Times/Argus Friday Jan. 23, 2015.

One other subject: A Rep. Challenges the Gov. and his Executive Privileges: This article was also in the Times Argus Sat. Jan. 24, 2015.

I hope you folks have enough common sense not to Legalize Marijuana Medical or other wise; to many drugs illegally floating around the State and Nation now with young people high school and college age etc..

Sincerely,

W. David Merrill
P.O. Box 193
Hardwick, Vt. 05843

Speaker Smith –

Brattleboro welcomes this opportunity to submit economic development and job growth strategies for consideration in this legislative biennium. We look forward to working with you and the Commerce and Economic Development Committee on achieving sustainable, rewarding opportunities for Vermont and for Vermonters.

The Town of Brattleboro has played an active role in regional economic development and job growth strategies. We have been instrumental in the formation of South East Vermont Economic Development Strategies (SeVEDS); adopted a Town Plan in 2013 that focused on issues of Energy and Economic Development by utilizing an assets based approach (identifying our strengths to build on as we address economic, social, and demographic challenges), and formed a Regional Economic Hub Working Group (appointed by the Selectboard to better understand Brattleboro's role in the wider region as the host of a wide array of tax-exempt institutions in the fields of medical care, education, and social services). We have gained a lot of knowledge and perspective by participating in the Local Investment Advisory Committee convened by Treasurer Pierce. And, of course, the Town has participated in discussions concerning the use of funds through the Windham County Economic Development Program (WCEDP) administered through the Agency of Commerce and Community Development (ACCD).

The recent decision by Entergy Vermont Yankee (EVY) to decommission the power station and the ongoing effects of the Great Recession weigh heavily on Brattleboro. As the largest community in the vicinity of EVY, with the highest number of EVY employees resident in any town, Brattleboro will bear the largest impact of the closure. In addition to these more obvious impacts of the closure on Brattleboro's economy, the loss of EVY's direct contribution to local social service agencies will also diminish and place a great strain on our local safety net.

Like many regional centers in Vermont, Brattleboro has a legacy of infrastructure and a built-form based on a manufacturing economy and providing retail, service, and employment opportunities to surrounding communities. Increasingly tourism has become an important local economic driver. Much of the large scale infrastructure (class 2 and 3 roads, water and waste-water, storm-water etc.) built around the 1980s is now overdue for replacement and upgrade. These initial investments were often supported by federal programs that no longer exist. If communities such as Brattleboro are to continue to derive value from this infrastructure we will need more help in the near future to keep these systems functional for the next generation. In Brattleboro, substantial new investment is required in bridges, retaining walls, public storm-water systems, and other facilities that are essential to the community's economic and civic well being. In the case of storm-water, Brattleboro will be a vital part of Vermont meeting federal water quality standards for nitrogen as applied to the Connecticut River.

It makes sense for the state to prioritize regional centers for infrastructure support because it already exists there and this will promote compact development adjacent to existing major transportation infrastructure. This is consistent with state-wide planning and energy efficiency goals. We encourage the exploration of private-public partnerships (P3) in the financing and refurbishing of this infrastructure and suggest a multi-agency taskforce (i.e. ANR, VTrans, ACCD) be formed to ensure that regional center infrastructure upgrades are "future-proofed" to meet expected state and federal standards with priority on those areas that are suitable for more intensive development (or redevelopment). Brattleboro is currently rewriting land use regulations to conform to our recently adopted municipal plan which has identified areas for future commercial and industrial growth. A major hindrance to redevelopment is the uncertainty of when state projects will take place, the uncertainty of Act 250 review, and the mismatch between ACCD designation programs such as Growth Centers and Neighborhood Development Areas with actual regional center conditions. With greater inter-agency coordination, realistic state infrastructure commitments, and stronger collaboration with local land use planning goals, Brattleboro and other regional centers could transition to a new economic landscape faster and accelerate positive impacts locally, regionally, and state-wide.

Recent policy changes at the federal level have resulted in broad prohibitions on expending federal funds in areas designated as the regulatory floodplain. This requirement is mirrored in restrictions on ACCD programs such as Neighborhood Development Areas. An unfortunate and unintended consequence is that there are now even less resources available for appropriate reinvestment in these areas. Regional centers such as Brattleboro grew up on waterways, accessing water for power and waste removal. Consequently, we have substantial private and public investments (including affordable housing) in hazardous areas. We suggest the establishment of a program that addresses the need to plan and rebuild vulnerable areas of the community so that we can accommodate climate change in a manner that spurs appropriate development. Given the restrictions on federal funds, this work may need to be supported directly by state revenues.

As private investment has stagnated and job growth has stalled due to technological innovations (improved efficiency) and larger shifts in the economy, regional centers have become more reliant on large not-for-profits in the medical and education sectors as employers and drivers of economic activity. Payment in Lieu of Taxes (PILOTs) by these entities has not replaced the property and business personal property taxes of large private employers and the Town receives only a small percentage of state taxes paid by employees. The indirect benefit of workers employed by these institutions paying property taxes and making local purchases must be measured against the cost of the Town providing essential services and maintaining vital infrastructure. We acknowledge the important contribution these institutions make to our community but question the basis for PILOT payments relative to the burden borne by householders and private entities. We suggest a state-level policy review of the impacts not-for-profit institutions have on municipal taxes. It is apparent that the indirect benefits the municipality receives are not keeping pace with the cost of replacing infrastructure that is essential to these enterprises.

Addressing each of the above issues will achieve enhanced coordination and improve the investment of funds, time, and other resources by the state and regional centers. It will align state-wide planning and economic development goals more closely with communities such as ours that can accommodate economic growth with the least environmental impact.

The question of specific job growth strategies can best be addressed by supporting meaningful efforts at increasing workforce participation, ensuring access to relevant job training programs, supporting existing and new business growth, and improving housing access for working families. Brattleboro is already making a contribution to these efforts by hosting relevant not-for-profit institutions, participating in local and regional actions to address training and workforce development needs, supporting small businesses through tax stabilization and business loan programs, and supporting affordable housing. The way to maximize the positive impact of these investments is to provide adequate resources (acknowledging the current local contribution) and directing state level programs and efforts to a highly focused set of industries. This sustained support directing growth to regional centers such as Brattleboro will maximize locational and workforce assets for the benefit of individuals, employers, communities, regions, and Vermont’s precious natural resources.

The Town of Brattleboro thanks you for this opportunity to offer our thoughts to you and your committee, and we look forward to collaborating with you to put these ideas into action.

Peter B. Elwell
Town Manager
Brattleboro, Vermont
802-251-8151

Speaker Smith----

First off i would like to compliment you for asking input from the people of our state on the issue of economic development. Vermont has the reputation of being business unfriendly. That will never change until those of you in Montpelier have the courage to face some of the real reasons.

First off our state is over taxed. Why would i want to expand or build a business in Vermont if i can not make a profit.

Secondly act 250 , act 60, and the newest provision of act 250 line item 9l need to be scrapped and something cleaner and clearer written to promote business and to work with business instead of de-railing any attempt for a business to build or expand in our state. If my business demands that i expand today i can not wait 6 months or 10 years as has happened to build, I must do it today or locate to a different state that welcomes me.

I am a life long Vermonter having been born here and living here my entire 67 years. I have seen and experienced the change in the business climate in this state and it has not been for the better.

Thank you for your time
Larry Comes

Dear Speaker Smith,

Please find pasted below a proposal in response to your call. I look forward to discussing this with you and/or any appropriate parties!

Regards,

Don

--
Don Jamison
Executive Director
Vermont Employee Ownership Center
802-338-7448
www.veoc.org

Targeted Financing Program for Employee Ownership at VEDA

Submitted by: the Vermont Employee Ownership Center

Contact: Don Jamison, Executive Director; don@veoc.org or 802-338-7448

Employee ownership is a well-recognized means of retaining local ownership of businesses, broadening the ownership of wealth and improving business performance. Vermont boasts some exemplary employee-owned companies, and is known as a state that encourages and supports this sector.

The Vermont Employee Ownership Center (VEOC) proposes the creation of a new tool to increase the number and vitality of employee-owned companies: a targeted financing program based at the Vermont Economic Development Authority (VEDA) that would provide loans (potentially subordinated) and/or loan guarantees for transactions that would result in ownership, or an expansion of ownership, by employees through either an Employee Stock Ownership Plan (ESOP) or worker cooperative. It would also provide financing for any business purpose to companies that are already employee-owned. Key to the success of this program would be outreach. The VEOC would work with VEDA staff to make the program known to business owners and their advisors throughout the state.

Current Vermont law (Act 170 of 2006) already directs VEDA to “give preference to projects involving loans to employee-owned businesses, to businesses that are becoming employee-owned through the purchase of stock or business assets, and to start-up businesses that will be owned by substantially all of the employees.” A targeted program similar to VEDA’s agricultural financing programs would go further than this and likely would require legislative authority, although not necessarily additional funding.

Vermont needs an ombudsman with cabinet level authority to “make things happen” with existing companies as well as potential relocating companies; e.g. interface with other government silos to ensure economic development is made the ***TOP PRIORITY*** when it comes to other “public interests”, rules, permitting, VTRANS, etc.

I think Lawrence Miller would make a fine candidate now that Single Payer is dead.

****

Dan Normandeau
1179 Kipling Road
Dummerston, Vermont 05301

Dear Speaker Shap Smith,

Thank you for soliciting input related to **Economic Development ideas** for Vermont. I believe having Vermonters engaged in the process will produce positive results.

The **Vermont Small Business Development Center** (VtSBDC) , being a statewide organization, funded in part by federal dollars (the U.S. Small Business Administration) and in part by state dollars (through the Agency of Commerce and Community Development) is very deeply tied to moving Vermont forward through helping small businesses start, run and grow. We do this by providing one-on-one advice at no cost in a confidential manner. It often involves helping a business owner with access to capital to start and grow a business, and the financial literacy that goes along with these business decisions. Our business advisors are co-located with the Regional Economic Development Corporations, making it a "one stop shop" for access to services.

We have a **22 year** history, hosted by the **Vermont State College** system and as a member of **America's SBDC** (there are 63 like programs across the U.S.). We all go through a rigorous **Accreditation** process, to ensure our organizations are focused on continuous improvement. In that spirit of "continuous improvement", I thought it appropriate to respond to your request.

Two specific and recent examples come to mind **(given their degree of success)** to illustrate how **focused attention and the collaboration of partners** along with a financial investment can have incredible results. They were both funded by federal dollars and since the model "worked" it could certainly be re-started as a State investment geared toward job creation.

1. The **Small Business Jobs Act** provided $420,800 of federal funds from March 2011 to January 2014, during which time we hired 2 full-time business advisors, to focus specifically on the needs of start-up entrepreneurs (in the highest population areas of Chittenden County and Washington County). The results of their efforts on that project are as follows:

* New Jobs Created – 280

* New Business Starts – 156

* New Capital secured - $13.5 million

2. With a federal investment (**Economic Development Administration** funds) of $322,000, VtSBDC hired 2 full-time business advisors who in turn, helped businesses strengthen their e-commerce, digital presence for a period of 18 months (ending on Oct 31, 2014). This project involved several partners under the direction of Paul Costello and the Vermont Council on Rural Development. Our portion of the project had the following results:

* 266 small businesses were counseled

* 100 workshops were conducted

* 578 workshop attendees were educated in how to strengthen their business using best practices of e-commerce and digital tools

I feel strongly that when economic development partners work together in a collaborative manner to identify challenges and recommend solutions —small business owners and the overall Vermont economy benefit. Our "smallness" provides a unique advantage here in Vermont of being connected and coordinated. We always hear that "small businesses are the backbone of America"—well, we know that no place in the U.S. is that more significant than in small, rural states such as Vermont.

Each year, VtSBDC is given metrics & milestones to achieve in exchange for the core funding we receive. We track and report to our funders on those metrics and below is a recap of the **businesses started**, **new capital secured** and the **creation & retention of jobs in 2014**.

Number of Vermonters served:

- VtSBDC provided advising services to 920 clients
- VtSBDC educated 1,335 individuals through workshops and seminars

How well we did it:

- 80 New Businesses were started by VtSBDC clients
- $17.3 million dollars in new capital was accessed
- 96% of VtSBDC clients indicated they would recommend us to others

How they are better off:

- 139.5 new jobs were created by clients assisted by VtSBDC
- 385 “at risk” jobs were saved by clients working with VtSBDC

I look forward to continuing to work with the Agency of Commerce as our State funding partner, under the direction of Secretary Moulton and Commissioner Gosselin. My request, which is known by ACCD, is for the State to always think of the Vermont Small Business Development Center when any new initiative is proposed that relates to helping Vermonters access new capital, create jobs as businesses start, run and grow. Please know that I’d be happy to consider how VtSBDC could play a role in responding to the ideas that come to you which have an advising/mentoring/technical assistance element to them.

One of our key objectives is to be in alignment with the economic development strategies of our funders. That includes helping the State of Vermont realize its preferred future.

Sincerely,

Linda Rossi
State Director
Vermont Small Business Development Center (VtSBDC)
P. O. Box 188
Randolph Center, VT 05061
(802) 349-5546
fax: (802) 728-3026
lrossi@vtsbdc.org
www.vtsbdc.org

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DEVE

CREDIT CORPORATION

January 31, 2015

Shap Smith
Speaker of the Vermont House of Representatives Speaker's Office
115 State Street
Montpelier, VT 05633 Dear Mr.Speaker:

Thank you for placing Vermont's economy and job growth as a priority for this year's legislative session. We are appreciative of your past support for our efforts here in Windham County and will look forward to continued collaboration.

We are grateful to have this opportunity to directly share with you some of our ideas for what we think would boost our state's economic development prospects. Brattleboro Development Credit Corp (BDCC) in collaboration with our affiliate organization, Southeastern Vermont Economic Development Strategies (SeVEDS) collaborated on the creation of our region's Comprehensive Economic Development Strategy (CEDS). The Economic Development Authority (EDA) has used our CEDS process as a model of best practices and cited our approved document as a model report.

The SeVEDS strategies and CEDS plan has been informed through countless public meetings and outreach. It is the involvement of the local resident and their knowledge, passion, and expertise about their region that provided the framework for such a successful CEDS. We would suggest that this expertise exists throughout Vermont and encourage the state to recognize its diverse assets while empowering the local process. A statewide CEDS must involve outreach and collaboration, allowing for local and regional assets to be considered within the document.

Our first recommendation is for the state to better leverage and connect the regional economic development planning efforts already underway across Vermont. As the state becomes more familiar with the details of the many successful regional efforts, you will be in a unique position to, "connect the dots" across the state.

Our second recommendation is for the state to convene organizations conducting similar projects across Vermont in order to encourage cross-pollination and collaboration to limit redundancies. Resist temptations for state-run programs; instead convene statewide collaborative efforts to support initiatives already underway.

Our final recommendation is to focus on removing barriers for economic development. We encourage statewide training for all state employees involved in the permitting process. Ensuring a common goal for both applicant and those empowered with issuing permits. Reconstituting or filling the position of Development Cabinet Secretary with this charge will help further this goal.

Projects we anticipate you will hear a lot about and we strongly support are:

Recognize many employers will be enticed to leave our state for a variety of reasons. Design new incentives that provide financial support in a more nimble manner, reducing loss from slow moving, "But For" projects that fail to exceed the enticements to leave.

Provide additional funding and support for Workforce Development and Education Continuum projects underway across Vermont.

Encourage Agency of Education to align curriculum with current employment needs, allowing students to access gainful Vermont employment.

Expand funding for Tourism Marketing- this feeds our funnel for future second homeowners, residents, college students, emigration, etc.

Make VEGI award income tax free statewide.

Amend VEGI legislation allowing state's 20% retained share of projected revenues to fund Vermont Training Program and Vermont Workforce Education and Training Program as well as regional Workforce Training programs.

Continue Funding for Governor's Enterprise Fund.

Fund VEDA Vermont Seed Capital Fund.

Create Tax Credits for Venture Capital Projects.

Support increased funding for VEDA, allowing increased risk tolerance for value-added entrepreneurial initiatives.

The BDCC is currently engaged with the Agency of Commerce and Community Development in proposing improvements for the Windham County Economic Program Proposal to better serve the region. We remain confident that these proposed changes will be incorporated into the process, allowing for the local expertise and understanding to be a featured part of the decision making process. Thank you again for your efforts on economic development in our great state!

Sincerely,

Adam Grinold

Executive Director, BDCC

February 3, 2015

The Honorable Shap Smith
Vermont Speaker of the House
115 State Street
Montpelier, Vermont 05633

Re: Economic Growth and Job Creation Strategies

Dear Speaker Smith:

Thank you for the opportunity to provide some perspective and specific recommendations around improving our state's economy. By way of introduction, the Middlebury Business Development Fund is an innovative public-private partnership focused on improving our economy here in Addison County. We have three primary objectives: (l)to proactively engage an external audience around relocating or expanding to our community; (2)to bring definition to innovation-based and technology-based economic development in central Vermont; and (3)to leverage the assets inherent in Middlebury College for local economic impact.

Additionally, I am a fifteen year veteran of professional economic development with an Economic Development Finance Professional certification from the National Development Council and the distinction of being a nationally recognized technology-based business coach via the Association of Small Business Development Centers. Consequently, the following economic development and job creation strategies are based upon my experience in the field and experiences I have gained since coming to Vermont in 2013.

Strategy One: Develop a more robust set of assets focused on technical assistance for innovation and technology-based economic development.

Rationale: The dynamics around the development of any specific technology and the development of a business focused on taking advantage of the commercial opportunity afforded by that technology are dramatically underappreciated in Vermont. Apart from the Office of Technology Commercialization at UVM and a single individual within the VtSBDC network the landscape for technical assistance around innovation -business coaching; entrepreneurial education; prototyping; development of intellectual property strategies; development of alternative funding models; technology roadmapping; and the infrastructure required for these activities is sparse in Vermont. Consequently, the state is not able to retain young entrepreneurial talent or realize the economic impact often associated with successful commercialization of technology outside of metro-Burlington.

Strategy Two: Develop a proactive effort to reach young professionals and graduates of Vermont's colleges and universities to "Come Home to Vermont."

Rationale: The state is well positioned to meet the needs of its favorite daughters and sons via a marketing campaign that illustrates what all of us here already know- Vermont is a better place to work, live and play. This effort could be applicable and successful via an ever-growing community of telecommuters; via young companies looking to realize their potential for growth; via teams and divisions within larger organizations; and lastly, via the parents and grandparents also currently still in Vermont. We could strengthen our cultural assets, further diversify our intellectual infrastructure and build on the existing foundation of Vermont as a place for families.

Strategy Three: Establish a statewide entity focused on the development of language proficiency and cultural competency.

Rationale: Entrepreneurs in today's global economy need to continually find new markets and respond to competition from all comers of the globe. As Vermont is a relatively small place, any company with a scalable opportunity around the export of knowledge, products, innovations, etc. needs to value the dynamics inherent in doing business in places that might be unfamiliar or not immediately accessible. The ability to find partners, negotiate terms, build global supply chains and continually provide a definition of "value" increasingly requires a better developed appreciation of our world.

I remain available for further discussions and to answer any additional questions you might have around how to improve our state's economy. Please note that as relatively new citizens of Vermont my family and I feel incredibly blessed to be here and we welcome any opportunity to positively contribute to our new home. Thank you again for the opportunity to contribute ideas.

Sincerely,

Jamie Gaucher
Director, Business Development &
Innovation MBDF

If I could make two points on Economic Development & Job Growth, both would be cautionary statements:

1) Economic Development should be looked at holistically; that is, how does it benefit the entire community? It should not be a matter of giving tax incentives to some in the hope that a benefit will trickle down to others.

Prof. Jeffrey Sachs makes the points quoted below concerning (international) sustainable development which I ask be viewed through a State and regional lens: (1) disaster aid is really humanitarian aid; (2) infrastructure aid is crucial (and wanting); (3) "boxes of cash" to economic development entities or to companies, with little or no measurable mandates, are wasted and do nothing to foster economic development.

> The most effective kinds of development assistance build capital – such as paved roads, an expanded power grid, and more clinics and schools – or capacity, such as training and salaries for teachers and health workers, or social investments such as health care delivery.
>
> There is a lot of confusion about whether aid works or not, because not all aid is the same. If a donor agency rather cynically gives boxes of cash . . . [in poorly directed ways] . . . then such "donations" may be called aid but will do nothing to foster economic development. The kind of official development assistance that works for long-term development and poverty reduction is used to support investments in the critical areas I have discussed . . . . When that kind of aid is given, the evidence is very strong that it can have a large and important effect. Make no mistake about it – aid that is poorly directed or used can be wasted. But aid that is well targeted to urgent needs can be crucial to help . . . achieve the MDGs [Millenium Development Goals] and to get on to the ladder of economic development."

Jeffrey D. Sachs , *The Age of Sustainable Development*, (New York: Columbia University Press) p. 174

With respect to a relatively local example of wasted aid, I would submit the following as a cautionary tale:

The State of Massachusetts handed over a significant box of cash, by one estimate, $56 million to induce Evergreen Solar to take over the Fort Devens base with the result that the company pulled out its operations and moved the manufacturing to China, where, according to the company's own SEC filing

" . . . today our non-silicon processing costs in Devens are $0.35 per watt. This compares to $0.25 to $0.30 per watt for a large scale Chinese manufacturer today. . . . In January 2011, we announced our intent to shut down operations at our Devens manufacturing facility to preserve our liquidity. . . . Although production costs at our Devens facility have steadily decreased, they are still much higher than those of our low cost competitors in China."

2) It seems that when Economic Development is discussed on a local or regional level, those entities develop criteria to judge local proposals. It ought to be made clear that State law contains direction and guidance. To that end, a review and
re-affirmation of the goals established in Title 10 § 3 are in order, viz.

(b) There are established the following four principal, interrelated goals for future economic development in Vermont:

> (1) Vermont's businesses, educators, nongovernmental organizations, and government form a collaborative partnership that results in a highly skilled multigenerational workforce to support and enhance business vitality and individual prosperity.
>
> (2) Vermont invests in its digital, physical, and human infrastructure as the foundation for all economic development.
>
> (3) Vermont state government takes advantage of its small scale to create nimble, efficient, and effective policies and regulations that support business growth and the economic prosperity of all Vermonters.
>
> (4) Vermont leverages its brand and scale to encourage a diverse economy that reflects and capitalizes on our rural character, entrepreneurial people, and reputation for environmental quality.

(c) The four principal goals shall be used to guide the design and implementation of each economic development program, policy, or initiative that is sponsored or financially supported by the state, its subdivisions, agencies, authorities, or private partners.

#

Dear Speaker Smith,

Attached please find a proposal for a Vermont economic development initiative designed to recruit telecommuters and mobile professionals (those people who call Vermont home, but who work elsewhere) to the State. Such an initiative would be affordable and I think it could garner national media attention. It would provide the state a positive economic development narrative, even as we address our systemic budget gap.

Thank you in advance for your consideration -- I would welcome the opportunity to speak with you further on this matter.

Best regards,

Ben Wilson
President
Better Middlebury Partnership

bwilson@middlebury.edu
802 349 0517

Middlebury College
700 Exchange St.
Middlebury, VT 05753
(802) 443-5774
February 3, 2015

Dear Speaker Smith,

My name is Ben Wilson and I serve as President of the Better Middlebury Partnership ("BMP"), a business organization dedicated to making the greater Middlebury area a better place to live, work, and play. We do this in a variety of ways including hosting four signature events, overseeing Middlebury's Designated Downtown, and assisting the Middlebury Business Development Fund Director Jamie Gaucher in promoting the Town and recruiting new businesses.

In 2012, I started a program to engage and recruit telecommuters and mobile professionals. I think a variation of this program might present a significant economic development opportunity for the State of Vermont.

I. Middlebury's Telecommuter/Mobile Professional Program

I grew up in the Middlebury area and returned to town after practicing law for six years at Foley Hoag in Boston. The genesis of the telecommuter group was a holiday party I attended shortly after returning to Middlebury. At this party, I spoke with many people who had professions that I had never seen in Middlebury when I was growing up -- including investment bankers, consultants, option traders, and media producers. I was intrigued by the influx of new professions and after conversing with some town officials it became clear that nobody had any idea how many telecommuters/mobile professionals we had in town.

After taking over the Better Middlebury Partnership in July 2012, I started our telecommuter/mobile professional group. We now have over 70 Middlebury area telecommuters/mobile professionals participating. These telecommuters work for companies such as Dell, Intel, National Geographic, Skadden Arps, and Sport Illustrated. The BMP wanted to bring these people together for four reasons:

First, the telecommuters are an amazingly talented group of individuals (almost by definition because no company would let a sub-par worker telecommute). But, telecommuters' work often isolates them from the local community. Better integrating these individuals into our community help make our community more vibrant and it simultaneously improves the telecommuters' quality of life.

Second, the telecommuter group allows members to work together to solve problems. For instance, when one telecommuter was struggling with a particular remote software, we contacted the group and three people volunteered to help solve the software glitch.

Third, to the best of our knowledge, Middlebury is the first town in the country to actively recruit telecommuters. In 2014, we launched the Experience Middlebury website and we have a section dedicated to the recruitment of telecommuters. http://experiencemiddlebury.com/work/telecommuters-mobile-professionals/. The existing telecommuter group also helps us recruit more telecommuters -- we have approximately 20 who have volunteered to speak with people considering moving to Middlebury.

Fourth, we hope that some of these telecommuters will decide to stop being telecommuters and will start new ventures in Middlebury. Although we cannot yet point to a functioning startup, we have had several telecommuters sit down with Middlebury's Business Development Director to go over potential ideas. Similarly we have tried to connect telecommuters with our entrepreneurial community -- we have approximately 30 start up companies in the area, and we hope that telecommuters will become consultants/investors in these enterprises.

II. Economic Benefits of Telecommuters

Telecommuters and Mobile Professionals provide a host of economic benefits to the Middlebury community:

First, telecommuter bring their own jobs with them, and often these jobs are at a big city pay scale. There is a significant knock-on effect from these families -- they have resources to shop and dine locally, benefiting many shops in the Middlebury area. Furthermore many purchase and upgrade houses, which helps employ local contractors.

Second, these workers do not heavily burden our existing infrastructure. Unlike a manufacturing operation, telecommuters do not require additional outlays of town resources for upgrades of water, sewer or roads. Telecommuters are able to move in and enhance our community without contentious votes over maintenance or infrastructure. (And to be clear, we are actively recruiting new manufacturing companies to the town!)

Third, telecommuters help our local schools. As you well know, the Middlebury area, like most of the rest of the State, is facing difficult demographic challenges. Telecommuters are a diverse group, but the majority are in their 30s and 40s and many have young families.

By way of example, in my hometown of Weybridge three years ago we faced a huge decline in elementary school enrollment (21 6th graders graduated, 1 kindergartener came in). Right before the start of the following school year a technology executive with three children relocated, as a telecommuter, to Weybridge from Texas. Weybridge picked up a wonderful family, and our elementary school secured additional State funding.

Finally, our telecommuters have further diversified Middlebury's economy. Because the telecommuters literally work all over the world (as far away as Singapore), in many different fields, we will never see mass layoffs of our telecommuters, à la IBM/GlobalFoundries.

Telecommuters and mobile professionals are not a panacea to all of Middlebury's economic challenges; however, they represent a solid component of our economic development plan. If you are interested in additional information on this topic, I did a session on Vermont Edition with Jane Lindholm, which can be found at http://digital.vpr.net/post/beyond-office-telecommuting-vermont.

III. Opportunities for the State of Vermont

I believe telecommuters offer Vermont a significant economic development opportunity and the State should undertake a deliberate plan to attract more telecommuters/mobile professionals.

There are many different ways Vermont could take advantage of telecommuters. At a bare minimum we should affirmatively announce that we want telecommuters to relocate to Vermont. Simply declaring this will have beneficial effects, and it will allow the State to differentiate itself for other competitor states/provinces. We should absolutely own this issue -- but we need to get out front now.

Second, the State might consider a media campaign to recruit telecommuters to Vermont. Obviously this would require an outlay of resources, but I think such a campaign would be useful. Plus this could be orchestrated with Vermont's extensive tourism advertising -- potentially lowering the costs. Comparatively speaking, I think this would be an affordable option.

Third, the State might consider a tax break for telecommuters who bring their families and their jobs to the State. Given the current budget shortfall this might not be the most attractive option, but I think investigating such an idea would make sense. We may be surprised that a $2000 tax credit might yield hundreds of new families to the state, thereby paying for itself. We should at least consider the option and gather the facts.

Fourth, the State's economic development organizations, should become conversant about telecommuters and mobile professionals. We should have a hotline for people who are interested in coming, and the State's website should include a telecommuting section. I don't know how much a service like this would actually be used, but its very existence would demonstrate to potential telecommuters how welcoming the State is.

Fifth, the State economic development authority should be actively promoting Vermont as a hub for knowledge based companies. This is a slightly different pitch, but I think it goes hand in hand with recruiting telecommuters. Any cloud based business can relocate to Vermont and not lose a beat. By actively recruiting telecommuters, the State will simultaneously be recruiting information based companies -- the two will feed off each other.

IV. Conclusion:

Telecommuters are already a thriving segment of Vermont's economy. Actively recruiting additional telecommuters at the State level with a comprehensive media campaign would provide an inexpensive way to address some of Vermont's economic and demographic challenges. Such promotion would also present Vermont as a tech savvy state, which would be good for recruitment of other businesses.

Furthermore, recruiting telecommuters would provide a wonderful narrative in today's difficult political climate. Over the past few years, Vermont has been known nationally for its opiate addiction problems, healthcare difficulties and now its systemic budget gap. A telecommuting bill would provide a positive narrative that can be achieved even as we address our budget issues.

Thank you so much for your solicitation of economic development ideas. I would welcome the opportunity to speak with you further about these issues.

Best regards,
Ben Wilson

President,
Better Middlebury Partnership.

bwilson@middlebury.edu
802-349-0517

Regional Development Corporations of Vermont

ACEDC•BCIC•BDCC•CVEDC•FCIDC•GBIC•GMEDC•LCICC•LEDC•NVDA• REDC•SRDC

February 3, 2015

Shap Smith, Speaker
Vermont House of Representatives
115 State Street
Montpelier, VT 05633 VIA EMAIL

Dear Speaker Smith,

On behalf of the Regional Development Corporations of Vermont (RDC's of Vermont), I would like to formally submit our collective suggestions for economic development and job growth in response to your request of 1/20/15. We appreciate the opportunity to provide input to the Legislature at the start of the new biennium.

Attached is a list of specific ideas from the RDC's of Vermont. These are in addition to what has been offered in "Creating and Retaining jobs for Vermonters: Raising Personal Incomes Across The State", submitted by GBIC, the RDC in Burlington, on 1/28/15. We support the proposals in that document and believe that our additional suggestions would further improve retention, expansion and recruitment efforts throughout Vermont.

Capital is mobile and moves across state lines very easily. We are in a highly competitive location market that is getting more so. Yet, we do not have the resources of our neighboring states. We need to be inventive, innovative and collaborative to further grow our existing commercial base as well as cultivate and attract business growth.

We appreciate your consideration, and that of the House, of these proposals. We look forward to the opportunity to share our observations and work together to continue to improve the economy of the state we all love.

Sincerely yours,

Bob Flint
Chair- RDC's of Vermont
Executive Director - Springfield Regional Development Corporation

Cc: RDC's of Vermont
Pat Moulton - ACCD Lisa Gosselin
- DED
Rep. Bill Botzow- House Commerce Committee

Regional Development Corporations of Vermont

ACEDC•BCIC•BDCC•CVEDC•FCIDC•GBIC•GMEDC•LCICC•LEDC•NVDA• REDC•SRDC

RDC's of Vermont "Economic Development & Job Growth Ideas"

These are in addition to our endorsement of GBIC's "Creating and Retaining Jobs for Vermonters" report, dated 1/28/15.

Enterprise Zones:

In recent years Vermont has taken steps to limit development in areas that are deemed undesirable for the historic settlement patterns we seek to preserve. There has been admirable work on the need for the revitalization of downtowns and village centers. However, there has not been a focus on the development needs of the most important economic sector driving our economy and creating the majority of living wage jobs. Manufacturing is in a growth mode nationally and in Vermont and the establishment of an Enterprise Zone designation in each region would help to ensure we are positioned to capitalize on that growth.

We propose that the RDC's of Vermont, in collaboration with Regional Planning Commissions and Municipal Planning bodies, develop a list of properties in each region to serve as Enterprise Zones. Each Zone would require a baseline of available infrastructure to support growth as a pre-requisite for certification and designation. All projects located within an Enterprise Zone would be exempt from Act 250 requirements after Master Plan approval (all other permits would remain in effect). Review of permits for wastewater, storm-water and design would not exceed 45 days to a final determination following submission of applications for projects within the Enterprise Zone.

Additionally the State could enhance the VEGI process, mirroring what has already been done for the Tech sector and Green Energy sector for businesses locating within the Enterprise Zone.

VEGI:

The RDC's of Vermont support the adjustments to the VEGI program, as proposed by the Governor in his recent budget address. We also would encourage charging the Vermont Economic Progress Council to explore additional improvements to make the VEGI program and process more user-friendly to existing Vermont companies.

Marketing Dollars:

We have seen the impact of marketing efforts of our neighboring states on the retention of existing companies as well as recruitment. The RDC's of Vermont support H.83 as well as any proposals to develop collateral material and have funding for aggressive economic development marketing.

Development Cabinet:

A "Development Cabinet" already exists in statute:

Legislative purpose. The general assembly deems it prudent to establish a permanent and formal mechanism to assure collaboration and consultation among state agencies and departments, in order to support and encourage Vermont's economic development, while at the same time conserving and promoting Vermont's traditional settlement patterns, its working and rural landscape, its strong communities, and its healthy environment.

The RDC's of Vermont propose that the Development Cabinet resume regular meetings to ensure consistent communication and follow-up between Agencies on major economic development projects. The Development Cabinet should provide regular reports to the Legislature.

Permitting Streamlining:

If an existing industrial park has an Act 250 Umbrella Permit and all other required permits i.e. stormwater, water/wastewater, local permits etc. are in place, and current, the RDC's of Vermont would propose that any new development in that park would only need a local zoning/development and review permit. The qualifying project would not require an Act 250 permit, minor or major. This would allow for a reduction in the time it takes to move through the permitting process as well as reducing costs for a developer.

Energy:

Currently, when a manufacturer hits a peak usage of power, there is a demand charge applied to that peak that continues to be applied to their utility bill for a 12-month period going forward. The customer does not have opportunity to have that charge reduced during that time. The RDC's of Vermont propose to reduce that rolling time period for the demand charge to one quarter of a year, which would be more forgiving to our manufacturers.

February 3, 2015

Honorable Shap Smith
Speaker of the Vermont House of Representatives
Speaker's Office
115 State Street
Montpelier, VT 05633

Dear Mr. Speaker:

Thank you for the opportunity to take part in the important discussion of strategies that foster sustainable, good paying jobs that reward employers and workers alike and nourish Vermont businesses.

Vermont Rural Ventures (VRV) is a community development entity wholly owned by nonprofit Housing Vermont. We are a 4-time awardee of federal New Markets Tax Credit (NMTC) allocations from the US Department of Treasury, receiving $140 million of NMTC allocation authority over the last five years.

With limited resources and access to capital, we must proactively leverage funds where they have the greatest impact. The federal New Markets Tax Credit Program VRV operates designates such areas of greatest need in Vermont. ***We offer the following economic development strategies to further encourage investment in these areas:***

1. Continue to support the Vermont Downtown and Village Center Tax Credit Program at its current funding level.

2. Proactive promotion of the availability of VRV's NMTCs by the Agency of Commerce and Community Development, its Regional Development Corporations, and other state agencies.

3. Incentivize the utilization of the New Markets Tax Credits and stretch all resources by offering rewards or points for projects seeking state funding who also plan to use NMTC funding.

Prior to VRV's establishment in 2009, only $15 million of NMTC allocation had been issued in Vermont as there was no Vermont-based entity operating the program.

Flash forward 5 years and 11 projects later and VRV has issued over $87.5 million of allocation in Vermont's downtowns, manufacturing, nonprofit and value-added food and farm sectors – $34 million of that capital was raised solely through the sale of New Markets Tax Credits and the balance comprised of bank, grant or individual financing.

projects and spurs additional private investment in low income communities. ***The net benefit of our investment adds 20-25% of equity-like patient capital to the project.*** Our borrower portfolio highlighting our work is attached.

One such example of our work is the VRV investment in the Community College of Vermont (CCV) building in Rutland. VRV invested in the Rutland CCV in 2011 with a portion of its federal NMTC allocation. The $8.5 million project revitalized an underused and brownfield parcel into a 32,000 square foot academic facility- allowing CCV's 900 employees, faculty and student population to stay in the downtown.

Three years after our investment, the once neglected area with vacant and dilapidated buildings and storefronts, now celebrates a near 90% ground floor occupancy rate. *A* new mural, signage, sidewalks, and landscaping now welcome visitors into the downtown district. Business such as an Apple computer store, bakery cafe, restaurant, indoor farmers' market, veterans' health care clinic, and boutiques have moved in bringing increased foot traffic to the area. And the facades and interiors of several buildings have been renovated.

Barre is experiencing a similar renaissance. *A* $15 million NMTC investment to construct the Barre City Place development upon a vacant, brownfield site in 2012 today brings in over 300 state, medical, service, and commercial employees and their customers to the center of Barre's downtown. Spurred by this investment, several other buildings have been renovated and new businesses are now filling what were vacant storefronts in the downtown.

We are seeing these same results in Brattleboro, St. Albans, and other areas where we have invested.

The private investment capital raised through Vermont Rural Ventures not only provides critical "but for" financing, but also creates other community connections which extend the impact of our investment.

Working in concert with our partners, we have repeatedly demonstrated our ability to grow Vermont's manufacturing, nonprofit, value-added food, farm and forest, downtown and renewable energy sectors to foster sustainable, good paying jobs that reward employers and workers alike to support and nourish Vermont businesses.

Thank you again for this opportunity. Please feel free to reach us at (802) 863-8424 or www.hvt.orgjvrv or www.vermontruralventures.com for more information.

Sincerely,

Nancy Owens, President Vermont Rural Ventures

Vermont Rural Ventures
Closed Projects
December 2014

Weidmann	St. Johnsbury	Allocation $10 million

Vermont Rural Ventures partnered with National Development Council and Massachusetts Housing Investment Corporation, to provide a total of $34.55 million in NMTC authority to WEIDMANN Electrical Technology, Inc. (WETI) to construct a building addition and purchase and install an 800-ton hot press machine for lease to WEIDMANN Electrical Technology, Inc. (WETI).

Sponsor:	WEIDMANN, Inc.
	Northern Community Investment Corporation
Investor:	WICOR America
Contractor:	Pizzagalli Construction Company
Architect:	Hill-Engineers, Architects, Planners, Inc.

Community College of Vermont	Rutland	Allocation $8.5 million

VRV provided a portion of its allocation of federal New Markets Tax Credits to provide a key piece of financing for DEW Construction Corporation's new 32,000 square-foot building in downtown Rutland for use by the Community College of Vermont.

The $8.5 million project revitalized a busy on one of the main roads leading into the central part of the City of Rutland. The project required the demolition of several buildings, some of which were abandoned and in disrepair, and the cleanup of a state high-priority brownfield site.

Sponsor:	DEW West & Wales, Inc.
Investor:	US Bancorp Community Development Corporation
Lenders:	Mascoma Savings Bank
	Vermont Economic Development Authority
Contractor:	DEW Construction Corporation
Architect:	Banwell Architects

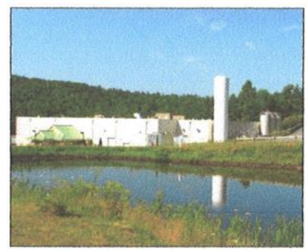
Laraway Youth & Family Services | **Johnson** | **Allocation $3.4 million**

Vermont Rural Ventures awarded a portion of its allocation of federal New Markets Tax Credits to provide a financing to Laraway Youth and Family Services (LYFS) for its new, 39-acre campus in Johnson. The nearly $3.4 million project allows the nonprofit youth services organization to increase enrollment by 30% and to add 10 to 12 new employees.

Laraway serves youths in grades K to 12, offering individual special education, therapeutic foster care behavioral management, and therapy services.

Sponsor:	Laraway Youth and Family Services
Investor:	Community National Bank
Lenders:	Vermont Community Loan Fund
	Vermont Economic Development Authority
Contractor:	Connor Contracting, Inc.
Architect:	Joseph Architects, Inc.

Commonwealth Dairy | **Brattleboro** | **Allocation $6.25 million**



In October 2012, Vermont Rural Ventures, along with Massachusetts Housing Investment Corporation, utilized the New Markets Tax Credits and provided $12.5 million in financing, allowing Commonwealth to expand its warehouse and storage space, hire more workers, and acquire specialized equipment to improve operating efficiencies, control costs, and keep the company competitive within the marketplace.

Sponsor:	Commonwealth Dairy, Inc.
Investor:	US Bancorp Community Development Corporation
Lenders:	Eastern Bank
Contractor:	Design Group Facility (formally Stahlman Group)
Architect:	MSKTD Associates
CDE Partner:	Massachusetts Housing Investment Corporation

Enosburg Health Center | **Enosburg Falls** | **Allocation $1.9 million**

VRV provided the Northern Tier Center for Health (NOTCH) a $1.9 million allocation of NMTCs to finance their new facility located in Enosburg Falls. This financing allowed NOTCH to move from rented basement space in an old garage to a new clinic in the village business center thereby creating more space and services in a highly visible location beside the local pharmacy and enabling better access to health care for all community members.

Sponsor:	Northern Tier Center for Health
Investor:	Merchants Bank
Lenders:	Health Resources and Services Administration (HRSA)
Contractor:	DEW Construction Corporation
Architect:	Kane Architecture

Barre City Place	Barre	Allocation $10.25 million

VRV and Massachusetts Housing Investment Corporation provided New Markets Tax Credits to finance DEW Construction Corporation's redevelopment of an 80,700 square-foot building in downtown Barre as part of the City of Barre's redevelopment plan.

Located at 219 North Main Street, City Place will feature a brick and granite façade designed to complement the adjacent historic structures. The State of Vermont will rent nearly three floors; other tenants for the remaining space include the Central Vermont Medical Center and the RehabGym.

Sponsor:	DEW Barre City Place, LLC
Investor:	US Bancorp Community Development Corporation
Lenders:	Mascoma Savings Bank
	Bank of New Hampshire
	Vermont Economic Development Authority
Contractor:	DEW Construction Corporation
Architect:	Banwell Architects
CDE Partner:	Massachusetts Housing Investment Corporation

Hilton Garden Inn	Burlington	Allocation $10.4 million

VRV participated in this $33 million project which will complete the final phase of the BankNorth (TD Bank) Block Redevelopment in downtown Burlington.

The project involves the adaptive reuse of the historic Armory building to serve as entrance, lobby and public space for a new Hilton Garden Inn and a two-level, primarily covered parking garage to accommodate 206 vehicles constructed under the hotel.

Sponsor:	Redstone
Investor:	US Bancorp Community Development Corporation
Lenders:	Mascoma Savings Bank
	Vermont Economic Development Authority
Contractor:	Opechee Construction Corporation
Architect:	Opechee Construction Corporation

Brooks House	Brattleboro	Allocation $11.7 million

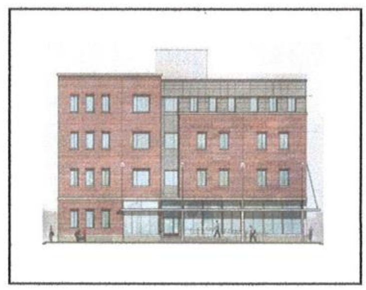
Vermont Rural Ventures partnered with Massachusetts Housing Investment Corporation, to provide $23.4 million in NMTC authority to restore the historic Brooks House, a downtown mixed-use commercial building in Brattleboro.

Vacant as a result of a fire in 2011, the Brooks House will be revitalized to house the Vermont Technical College, Community College of Vermont, 23 residential tenants, 5 ground floor commercial retail tenants, up to 3 restaurateurs, and 1 office tenant in addition to the 2 colleges.

Sponsor:	Mesabi, LLC
Investor:	US Bancorp Community Development Corporation
Lenders:	Mascoma Savings Bank
	Vermont Economic Development Authority
	Vermont Community Development Program
	Town of Brattleboro
Contractor:	BreadLoaf Corporation
Architect:	Stevens & Associates, PC
CDE Partner:	Massachusetts Housing Investment Corporation

St. Albans State Office Building	St. Albans	Allocation $9.388 million

Vermont Rural Ventures partnered with USBancorp Community Development Corporation, to provide $12.3 million in NMTC authority to construct a 46,029 square foot office building on Federal Street in downtown St. Albans. When complete the redeveloped site will be fully fit-up, Class A office space, leased to the State of Vermont's Agency of Human Services and Department of Labor within the immediate downtown core.



This project, as part of a major downtown planning effort, will revitalize a blighted area, remediate Brownfield issues, and stabilize the downtown.

Sponsor:	27 Federal Street, LLC
Investor:	US Bancorp Community Development Corporation
Lenders:	NBT Bank
	Vermont Economic Development Authority
Contractor:	ReArch Company, LLC
Architect:	Vermont Integrated Architecture
CDE Partner:	US Bancorp Community Development Corporation

Black River Meats | **Springfield** | **Allocation $9.5 million**

Vermont Rural Ventures collaborated with People's United Bank and the Vermont Economic Development Authority to finance the acquisition of a fully fit-up, USDA-licensed meat slaughter, meat and seafood processing, and cold storage facility for occupancy Black River Produce and Vermont Packinghouse. The meat and seafood products will be marketed, sold, and distributed to local and metropolitan retailers, restaurants, and institutions.

This project will bring a minimum of 35 new jobs to the economically distressed area and up to 65 jobs thereafter. Ancillary job creation, retention, and wealth generation on farms through increased local meat production is also anticipated as a result of this project, furthering the strategic statewide goals of the Farm to Plate Strategic Plan, Working Landscape Partnership, and Working Lands Enterprise Initiative.

Sponsor:	25 Fairbanks Road, LLC
Investor:	People's United Bank
Lenders:	People's United Bank
	Vermont Economic Development Authority
Contractor:	All Season Construction Group
Architect:	David Laurin, AIA

King Street Center | **Burlington** | **Allocation $6.2 million**

Vermont Rural Ventures provided King Street Center $6.2 million in New Markets Tax Credits to finance the Center's renovated and expanded facility. The new facility will allow the King Street Center to expand and establish a fully licensed year-round Early Head Start pre-school program; create four new teaching positions; build a professional quality kitchen; construct space for adult language instruction, performing and visual arts, and computer access; purchase essential equipment; and expand office space. The NTMC investment will also enhance the facility with solar photo voltaic panels, increased natural lighting opportunities, and improvements to its gymnasium and outdoor areas.

The King Street Center was very successful in its fundraising for this project and the NMTC equity completes King Street's capital campaign by filling a funding gap. It also strengthens the project by allowing King Street to preserve critical working capital and reserves. Projects like King Street Center demonstrates Vermont Rural Venture's commitment to bringing investment to nonprofit groups which otherwise lack access to capital.

Sponsor:	King Street Center Foundation, Inc.
Investor:	US Bancorp Community Development Corporation
Contractor:	Engleberth Construction, Inc.
Architect:	TruexCullins, Inc.

TOWN OF
KILLINGTON
VERMONT

February 3, 2015

House Speaker Shap Smith
Speaker's Office
115 State Street
Montpelier, VT 05633

Dear Speaker Smith,

On behalf of the citizens of the Town of Killington, we are writing in response to your request to submit proposals for economic development and job growth strategies for consideration in the legislative biennium. We applaud your decision to make economic development a priority and are delighted to have the opportunity to have input.

As elected officials, we too have focused on making economic development a priority in Killington. In 2012, we adopted a strategic plan designed to make the Town Vermont's premier resort community, offering residents a high quality of life and tourists a memorable mountain adventure.

One of the major goals in our Strategic Plan — and key to our economic growth — is to increase tourism and year-round employment. We have a whole host of actions we are taking to accomplish this goal, and we're making progress, but we could make even more progress with additional state support. Therefore, we would like to respectfully submit the following issues we see as challenges to progress that could be addressed in the legislature:

(1) We believe Vermont's current education funding system is inhibiting the growth of tourism communities which are primary drivers in our state's economy.

By placing huge tax burdens on tourism towns like ours, Act 60 and 68 have dramatically limited businesses' ability to reinvest in capital improvements and marketing and keep pace with their competitors in other states. For example, as a result of Act 60 and 68, Killington Resort saw a 345% increase in their property taxes from 1996 to 2012. As a result the Resort had to defer improvements and marketing campaigns they otherwise would have implemented to keep pace with competitive resorts in other states like New Hampshire, Maine, Colorado, California and Utah that don't have similar limitations.

In light of the recent report from the Vermont Legislature on Act 60 (also known as the Equal Educational Opportunity Act), which notes that while Vermont has experienced the largest growth of per-pupil spending in the country (149.9% between 1999 and 2011), the results during that period have been relatively flat, or exhibit only modest increases. We support strong schools and think "substantially equal access" to education for all Vermont students should be measured by quality education, not simply equal funding. Currently, our contributions to fund education inhibit our ability to grow economically, yet those funds have not improved the education of Vermont students as a whole. In our estimation, the affect of Act 60 and 68, while well intentioned, has produced a net loss for the state. We advocate that the state seriously reconsider its education funding policy.

Tourism is one of the major pillars of the state economy, and we need effective state systems in place that offer residents a high quality of life while not limiting essential growth.

(2) We understand that Vermont Tourism is getting outpaced by states that represent our biggest competition and compete for the same market.

The State has a strong tourism promotion program, and a talented and capable Tourism Commissioner, but we are consistently outpaced and outspent by states that represent our biggest competition: New York, New Hampshire, Maine, Colorado, and Utah. All these states compete for a similar market of tourists, and for Vermont to maintain its competitive edge, we advocate the state increase its funding for Tourism Promotion to ensure we have equal representation in our key markets.

Thank you for considering our perspective. We are glad to have the opportunity to voice our concerns and would like to offer a standing invitation for you to come to Killington to meet with our business community to further explore these and other ways the Town can work with the State to ensure a bright economic future for Vermont. We wish you the best in the next session. Should you have any questions, please do not hesitate to contact Seth Webb, Town Manager at 802-422-3241 or via email at sethwebb@town.killington.vt.us anytime.

Sincerely,

Patty McGrath   J. Christopher Bianchi   Kenneth Lee

Killington Selectboard

Cc:
The Honorable Peter Shumlin, Governor of Vermont
Patricia Moulton, Secretary, Agency of Commerce and Community Development
Megan Smith, Commissioner, Department of Tourism & Marketing
Lisa Gosselin, Commissioner, Vermont Department of Economic Development
Job Tate, State Representative
Peg Flory, State Senator
Kevin Mullin, State Senator
Brian Collamore, State Senator
Steve Jefferies, Ex. Director, Vermont League of Cities and Towns

Dear Speaker Smith, thank you for inviting ideas on job creation.

I attach the following statement on the value of fostering cooperatives, along with the names of my fellow signers and a list of cooperatives in Vermont. Links to data and supporting information follow the statement.

We would welcome any opportunity to provide more detailed information and ideas.

Job Growth in Vermont: The Case for Cooperatives

To increase jobs in Vermont and improve their quality and sustainability, the state should foster the creation and growth of cooperative businesses.

Cooperative businesses offer all the benefits of locally owned businesses, plus additional job-creation and wealth-distribution benefits that derive specifically from this model.

These benefits arise from the fact that people form cooperatives to meet important shared needs, be they for jobs (worker co-ops), key goods and services (consumer co-ops), market leverage (producer co-ops), or fair access to loans on good terms (credit unions, which are cooperatives). As such, cooperatives offer a way to improve opportunities and quality of life where we live, instead of either leaving the state in pursuit of opportunity or just struggling with tough economic conditions. Thus they deepen people's investment in their communities.

Because co-ops pool people's time, skills, ideas, and capital, they can also lower the barriers to entry for starting a business. Adding to the appeal of co-owning a cooperative is the fact that member-owners have egalitarian control on a one-person-one-vote basis. Further, co-ops sign on to a set of principles and values that includes 'concern for community' - the original 'triple bottom line.'

As a result this business model encourages the creation of lasting new businesses and provides for:

The creation of high-quality jobs (*citations: see links below*)

- Incentives and opportunities for more people to learn business skills
- An infrastructure that supports entrepreneurial drive while mitigating some risks of starting a business solo
- Decision-making that factors in the local community's well-being, e.g. in purchasing and job structures
- Retention of wealth in the communities where it is generated versus being exported to out-of-state investors

The co-op model is particularly well suited to Vermont's rural economies and culture of self-reliance. This form of doing business has a record of success dating back to the first modern co-op, founded in 1848 and still operating in the U.K. Vermont communities continue to patronize cooperatives formed in the 1930s, from the large-scale (Washington Electric, 1939) to the hyper-local (Adamant Food Co-op, 1935).

Therefore, we ask state leaders to take three steps:

1. In the short term, direct state-related business development entities to learn, promote, and support the cooperative business model.

2. In the next few years, fund and help to create a dedicated program to develop worker and consumer cooperatives.

3. Also in the next few years, eliminate regulatory barriers to co-ops raising capital from their own members.

In taking this direction Vermont will be in good company. The cooperative business sector is enjoying robust growth and increasing public-sector support around the country. Local and regional networks of cooperatives are also increasing, both within and across defined sectors, and members of some Vermont cooperatives are now exploring the formation of such a network here. *(See links and a list of Vermont co-ops below.)*

We, the undersigned, are member-owners of cooperatives around Vermont who would like to see more Vermonters share in the benefits of this kind of business.

Lead drafter: Julia Curry, Burlington, VT curry.julia@gmail.com
* Member and board member, City Market/Onion River Co-op; member, Vermont Federal Credit Union and Intervale Community Farm.

* *Cooperative affiliations listed for informational purposes only*

Supporting Information

Cooperatives and the creation of good jobs:

Democracy at Work Institute, "Creating Better Jobs and a Fairer Economy with Worker Co-ops" http://institute.usworker.coop/sites/default/files/BetterJobs.pdf

2012 Study by Doug Hoffer, "The Economic and Fiscal Impacts of Food Cooperatives in Northwestern New England," http://strongertogether.coop/wp-content/uploads/2013/05/hoffersummary.pdf

Forbes blog post, "If Apple Were a Worker Cooperative, Each Employee Would Earn at Least $403K" http://www.forbes.com/sites/cameronkeng/2014/12/18/if-apple-was-a-worker-cooperative-each-employee-would-earn-at-least-403k/4/

Municipal partnerships to grow jobs via cooperatives:

1. New York City program to foster worker cooperatives:

http://nextcity.org/daily/entry/nyc-coop-new-york-worker-cooperative-funding

2. Madison, WI program to foster worker cooperatives:

http://www.resilience.org/stories/2015-01-29/5-million-for-co-op-development-in-madison

3. Springfield VT public-private project to foster worker cooperatives: http://wellspring.coop/?page_id=69

Basic definitions: A cooperative is a business owned by a group of people who each pay the same for a share in the business, and have one vote each in decisions made by the members. In this way cooperatives are accountable to all of the community members who own them.

A worker co-op is owned and run by people who work there. (This is distinct from ESOPs, where employees share in the ownership but not necessarily the decision-making.) Worker co-ops in Vermont include PT360, a physical-therapy provider; Data Systems, an IT provider, and Catamount Solar.

A consumer co-op is owned and run by people who consume the products or services of the business; food co-ops, credit unions and electric utilities are well-known examples.
A producer co-op is owned and run by groups of people to pool the processing, marketing and/or sales of their products, such as Cabot Cooperative Creamery and Franklin County Maple Cooperative.

Statement of cooperative identity

The International Cooperative Alliance statement of cooperative identity, http://ica.coop/en/whats-co-op/co-operative-identity-values-principles

Fostering Co-ops in VT

The argument:

- To increase jobs in Vermont and improve their quality and durability, the state should support the creation and growth of cooperative businesses – specifically, worker co-ops and consumer co-ops.

  [this model is uniquely productive in terms of contributing to local economies and rural economies in particular; uniquely suited to Vermont's self-reliant, entrepreneurial culture and …]

- Basic definitions: A cooperative is a business owned by a group of people whose ownership stakes and decision-making power are equal. Each member-owner invests the same amount for a share in the business, and each has one vote in decisions made by the members. In this way cooperatives are democratic entities.

  A worker co-op is owned and run by people who work there. (This is distinct from ESOPs, where employees share in the ownership but not necessarily the decision-making power.) Worker co-ops in Vermont include PT360, a network of physical therapy studios; [list two more.]

  A consumer co-op is owned and run by people who consume the products or services of the business. Food co-ops and credit unions are well-known examples throughout the state; Washington Electric Co-op is another venerable example.

- How the model supports better jobs

Entities that could/should be involved in supporting the model:
*NCBA and Cooperation Works are partnering to support co-op development centers

Resources we should get help to acquire:
USDA Rural Cooperative Development grants –to food co-ops, worker co-ops

The benefits of co-ops to employment in VT
Re jobs:

- Worker co-ops = keeping jobs and all profits local; job satisfaction; enables entrepreneurship without the high costs of going it alone; offers a path for people who want to stay in the state
- Consumer co-ops = likely to provide high-quality jobs [evidence?]; help keep the costs of goods and services down and/or provide them in localities that standard businesses don't find so appealing, eg Adamant Co-op

Links we might use

"If Apple Were a Worker Cooperative, Each Employee Would Earn At Least $403K" – Forbes blog post: **http://www.forbes.com/sites/cameronkeng/2014/12/18/if-apple-was-a-worker-cooperative-each-employee-would-earn-at-least-403k/4/**

Examples of programs to foster job creation with cooperatives: http://wellspring.coop/?page_id=69

[Where to promote the Lyons documentary:
- NAHC's Youtube channel – send to mhart@nahc.coop (Megan Hart)

Vermont Cooperatives as of February 2015

Agricultural Co-ops:
- Cabot Cooperative Creamery: Agrimark (Cabot, VT)
- Deep Root Organic Co-op (Johnson, VT)
  - Intervale Community Farm Cooperative (Burlington, VT)
  - St. Albans Cooperative Creamery (St. Albans, VT)
  - Franklin County Maple Cooperative

Housing Co-ops (multi-family and mobile-home):
  - Burlington CoHousing (Burlington, VT)
  - Champlain Valley CoHousing (Charlotte, VT)
  - Flynn Avenue Housing Cooperative (Burlington, VT)
  - House of Hildegard Co-op (Burlington, VT)
  - Katy Win MH Cooperative (Johnson, VT)
  - Milton MHC (Milton, VT)
  - North Avenue MH Cooperative (Burlington, VT)
  - Queensbury Co-op (Burlington, VT)
  - Rose Street Artists' Co-op (Burlington, VT)
  - Shelburnewood MHC (Shelburne, VT)
  - Thelma Maple Housing Cooperative (Burlington, VT)
- Bunker Hill MHC (Windsor, VT)
- Tri-Park Cooperative Housing (Brattleboro, VT)
- Williston Woods MHC (Williston, VT)

Worker Co-ops:

- Brattleboro Holistic Health Center (Brattleboro, VT)
- Catamount Solar (East Montpelier, VT)
- Data Systems (Burlington, VT)
- Green Mountain Spinnery (Putney, VT)
- PT-360 (Burlington & Williston, VT)
- Red House Building (Colchester, VT)
- Ronin Tech Collective (Brattleboro)
- Webskillet (Burlington)
- Full Barrel Cooperative Brewery and Taproom (Start-up; Burlington, VT)

Food Co-ops:

- Adamant Co-op (Adamant, VT)
- Brattleboro Food Co-op (Brattleboro, VT)
- Buffalo Mountain Co-op (Hardwick, VT)
- City Market (Burlington, VT)
- East Warren Community Market (Warren, VT)
- Granite City Grocery (Start-up, Barre, VT)
- Hanover Consumer Cooperative Society (HQ: Hanover, NH)
- Hunger Mountain Co-op (Montpelier, VT)
- Kingdom County Market (St. Johnsbury, VT)
- Middlebury Natural Foods Cooperative (Middlebury, VT)
- Morrisville Co-op (Start-up, Morrisville, VT
- Plainfield Co-op (Plainfield, VT)
- Putney Food Co-op (Putney, VT)
- Rutland Area Food Co-op (Rutland, VT)
- Southshire Community Co-op Market (Start-up, Bennington, VT)
- Springfield Food Co-op (Springfield, VT)
- St. J. Food Co-op (St. Johnsbury, VT)
- Stone Valley Community Co-op Market (Poultney, VT)
- Upper Valley Food Co-op (White River Junction, VT)

Energy Co-ops:

- Co-op Power of Southern Vermont
- Energy Co-op of Vermont (Colchester, VT)
- Vermont Electric Co-op (Johnson, VT)
- Washington Electric Co-op (East Montpelier, VT)

Credit Unions:

- Bennington E/E FCU (Bennington, VT)
- Central Vermont Medical Center CU (Barre, VT)
- Covered Bridge CU (Windsor, VT)
- Credit Union of Vermont (Rutland, VT)

•Granite Hills CU (Barre, VT)

•Heritage Family CU (Rutland, VT)

•Members 1st CU (Brattleboro, VT)

•Members Advantage Community CU (South Burlington, VT)

•New England Federal CU (Williston, VT)

•NorthCountry Federal CU (South Burlington, VT)

•Northeast Schools and Hospitals CU (Newport, VT)

•One Credit Union (Springfield, VT)

•Opportunities CU (Burlington, VT)

•ORLEX Government Employees CU (Newport, VT)

•River Valley CU (Brattleboro, VT)

•St. Patrick's Parish CU (Fairfield, VT)

•Vermont Federal CU (Burlington, VT)

•Vermont VA Federal CU (White River Junction, VT)

•VSECU (Montpelier, VT)

•White River CU (Randolph, VT)

•Windsor County South Credit Union (Springfield, VT)

Cooperative Preschools

•The Children's School (S. Burlington, VT)

•Hartland Cooperative Nursery School (Hartland, VT)

•Lincoln Cooperative Preschool (Lincoln, VT)

•Middlebury Cooperative Nursery School (Middlebury, VT)

•Saxon Hill School (Jericho, VT)

•Starksboro Cooperative Preschool (Starksboro, VT)

•Valley Cooperative Preschool (Bradford, VT)

Other Co-ops:

•Burlington Tennis Club (Burlington, VT)

•Mad River Glen Ski Area (Fayston, VT)

Regional Cooperative Support Organizations:

•Champlain Housing Trust (Burlington, VT)

•Vermont Employee Ownership Center (Burlington, VT)

•Association of Vermont Credit Unions (Colchester, VT)

•Champlain Valley Office of Economic Opportunity Mobile Home Program (Burlington, VT)

•Cooperative Development Institute (Shelburne Falls, MA)

•Cooperative Fund of New England

Note: If a co-op has multiple locations, the location given is its headquarters.

Name	Town	Email Address	Co-op membership, and role(s) within each
Eric Davis	Essex	ericpauldavis@gmail.com	City Market (Member-Owner), Vermont Federal Credit Union (Member-Owner), VSECU (Member-Ov
Matthew Cropp	Burlington	chuhistory@gmail.com	City Market (Member-Owner), Vermont Federal Credit Union (Member-Owner), VSECU (Member-Ov
Ursula Jones	Burlington	Ujones99@gmail.com	City Market, NEFCU
Damon Lane	Burlington	damon.andrew.lane@gmail.com	City Market (Member-Owner), VFCU (Member-Owner)
Neily Jennings	Starksboro, VT	neily.jennings@gmail.com	City Market (Member-Owner); Vermont Federal Credit Union (Member-Owner); Thelma Maple Housi
Sarah E. Mell	Burlington	sarah.mell0701@gmail.com	Rose Street Artist Co-op (member/board member); City Market (member-owner)
Molly O'Brien	Burlington	mobrien821@gmail.com	City Market (board member), Neighboring Food Co-op Association (board member), Vermont Federal
Debra L. Diegoli	Weathersfield	DLDiegoliVT@gmail.com	Upper Valley Food Co-op (Member-Owner/Board Member), Springfield Food Co-op (Member-Owner)
Abigail McGowan	Burlington	amcgowan@uvm.edu	Intervale Community Farm, board member
Liz Curry	Burlington	lcurry@burlingtontelecom.net	Onion River Co-op (member/owner), VSECU (owner/member)
jen berger	burlington	jb4pax@yahoo.com	House of Hildegard housing cooperative. Member and resident. City Market. member.
Jane Alice Hendley	Burlington	jhendley@burlingtontelecom.net	Flynn Avenue Cooperative Homes, Inc. (Member-owner), City Market (Member-owner), Opportunities
Rachel Hamm	Burlington	rachamm@gmail.com	Full Barrel Cooperative Brewery (owner), City Market (Member-owner)
John A. Olson	Burlington	jolson12btv@gmail.com	Flynn Ave Housing Coop (Resident-Owner), VT Fed CU (Member-Owner), City Market (Member-Ow
			North Country Fed CU (Member), Champlain Housing Trust (member/Board member)
Darlene M. Thomas	burlington	vtnanaX5@aol.com	thelma maple housing co-op/ member
Laura Hill	Burlington	berminghamhill@gmail.com	Flynn Ave (Owner-Member, Membership and Outreach Committee), City Market (member)
Cecile M.Green	Worcester	cecile@roundskysolutions.com	Round Sky Solutions (worker owner), City Market (member owner) Hunger Mountain Coop (member o
Don Schramm	Burlington	dlschramm@datavermont.com	Onion River Cooperative (Member-Owner/Board President), Rail City Market (St. Albans Food Coop -
Anna Stevens	Burlington	astevens@cvoeo.org	VTFCU (Member)
Dimitry Krementsov	Shelburne	krementsov@msn.com	Shelburnewood Mobile Home Cooperative (member-owner/board member))
Sarah Woodward	Burlington	swoodward@cvoeo.org	City Market, Member; VSECU, Member; NEFCU, Member; & Technical Advisor to seven mobile hom
Don Jamison	Burlington	don@veoc.org	City Market (member-owner), Vermont Federal CU (member-owner). Also, I am ED of the Vermont E
David L. Furman	Windsor	bhccoop@gmail.com	Bunker Hill Community Cooperative Member /Owner President
Jake Rifken	Burlington	wireknotart@yahoo.com	Thelma Maple Housing Co-op
T Josh Jackson	Middlesex	josh@timberhomesllc.com	hunger mountain food coop (member owner)
Malcolm Gray	Barre	malcolm@montpelierconstruction.com	Montpelier Construction, Hunger Mtn Food Coop
David Huck	Cabot	david.huck@gmail.com	Woodbelly Pizza (Worker-Owner)
Karen White	Milton	auntie_em57@yahoo.com	Milton Mobile Home Cooperative, member owner

LAKE CHAMPLAIN REGIONAL
CHAMBER OF COMMERCE

February 3, 2015

House Speaker Shap Smith
State House

Dear Speaker Smith,

Thank you for your interest in supporting the increased prosperity of our communities. We appreciate the opportunity to share our perspective and our ideas.

Our advocacy this year is driven by four primary components, each of which is critical to Vermont's success: youth talent development and retention, jobs, affordability, and the environment. We have developed the following proposals that support those components and foster a thriving private sector economy:

1. **Angel Investment Tax Credit** - Maine has one of the most active, fastest-growing angel investor groups in the country, and we would model an angel investment tax credit after theirs. Maine's credit is fairly straightforward - tax credits equal to 50% of the investment for an investment up to $500,000 per investor per business. The investments must be at risk for five years. The business must be located in Maine and must meet one of a number of criteria designed to ensure that the business is one that will be increasing jobs and revenue in the state. It allows investment through a private venture capital fund, such as FreshTracks here in Vermont.

2. **Strategic Employer Designation** - This program is intended to retain and grow “pillar” employers within each region, with an ability to service the changing and dynamic needs of strategic employers and demonstrate the value to Vermont of these employers. These Strategic Employers are a region’s most valued, for-profit, export oriented, dollar importing economic contributors and employers. Under the program, the Governor would designate a period of three years for up to 10 employers in each region as "Strategic Employers." These employers would benefit from programs such as targeted property tax incentives, energy surcharge exemptions, access to lower cost electric rates, and priority authorization and allocation for workforce training funding and program access, VEGI incentives, etc.

3. **First-time Homebuyer Down Payment Assistance** - Because the ability to save money for a down payment is increasingly difficult for young professionals in Vermont, and because young professionals are a critical resource for our communities and businesses, we are working with the Vermont Housing Finance Agency to propose a first-time homebuyer down payment assistance program. The program would provide up to $5000 in down payment or closing costs to first time homebuyers that meet VHFA's eligibility requirements, with loans to be repaid upon sale or refinancing of the home. The program would be funded through affordable housing tax credits sold by VHFA.

4. **Workforce Training Funds from VEGI** - Under this proposal, the State of Vermont would appropriate 20% of the state’s retained share of the projected revenues of every VEGI award to the Vermont Training Program to fund the development, education, training and retraining of Vermonters for jobs with Vermont employers in Advanced Manufacturing and Information Technology economic sectors. An annual allocation of $2.5 million is projected as the necessary target. The program would include a Degree and Certification Education and Training Program to benefit Vermont’s Advanced Manufacturing and Information Technology sector employee development, addressing longer term critical workforce need areas like technicians, mechanical and technical skills, machinist training, web and graphic development and coding and information technology in Health Care Services. The

program would provide allocations for education and training providers to graduate and find jobs for Vermonters in Vermont employers in these key sectors.

5. **Repeal of the Cloud Tax** - We have seen substantial growth in our tech sector in recent years. Growing our knowledge-based economy is important to Vermont's future prosperity. Repealing the tax on the cloud will create more certainty for our tech businesses and their Vermont customers and will also send a strong message to this sector about their importance to Vermont's economy.

6. **Reinstatement of Sales and Use Tax Exemption in Designated Downtowns** - This tax exemption for the purchase of construction materials greater than $250,000 had the potential to be very helpful in our efforts to incentivize development in our downtowns where redevelopment costs are generally higher.

7. **Extension of Employment Incentive Grant** - Having a dedicated fund available to provide an additional incentive to companies that are actively deciding between doing business in Vermont or in another state gives the Governor a useful and necessary tool to help move those companies in the direction of Vermont.

Thank you again for the opportunity to share our ideas. We look forward to working with you this year.

Sincerely,

Tom Torti
President

Feb 3, 2015

Dear Shap,

I am a retired high school teacher and now a "full" time sheepfarmer in Georgia Vermont.

I have some ideas I think would create many jobs - both direct and indirect right here in NW Vermont

1. Produce several hundred market lambs each year for institutions such as hospitals, schools, etc. as well as individuals. Meat would preferably be organic or at least free of harmful pesticides.

2. Raise fruits & vegetables from the compost created by the sheep - also to feed schools, hospitals, etc. Perhaps have a co-op where others could offer pesticide free food.

3. Have a slaughterhouse as part of the sheep farm - one part for general use for any kind of livestock - another part for Ethnic markets for those who want to do their own slaughtering.

4. Offer school kids an opportunity to work at the sheep farm, vegetable/fruit grove and co-op store.

Thank you for giving me the opportunity to express these ideas.

Sincerely

John Weir
3482 Ethan Allen Hwy.
St. Albans, VT 05478

Speaker Smith,

In response to the invitation to provide input, please find attached our thoughts/ideas as to opportunities to strengthen Economic Growth in Vermont.

We are a Vermont-based business, with Vermont operations in Colchester and Williston, and operations in 5 other states. Vermont is by far our cost-challenge, and as such we are left with no alternative but to make plans to pare down our Vermont companies and slowly transition work to our other operations.

We are a Vermont business and want to stay in Vermont, but recent legislative actions have eroded our ability to be competitive with other companies in other states that have less of a burden.

It is our hope that these suggestions, along with others you may receive will help stem this downward spiral the state has been in.

Please don't hesitate to contact me with questions or if additional input is needed. We would welcome the opportunity to assist in any way.

Thank you,

Dave Rogerson
Director; Organization Development
Critical Process Systems Group
direct 802.338.4441 ♦ *cell* 802.310.6822

Strategies:

1. Increase the attractiveness of business to Vermont. Develop an 'Enterprise Zone' posture to entice new and existing businesses to develop in Vermont, with multi-year tax-break incentives and a streamlined permitting process.
2. Do no further harm. The leaders of our Vermont based businesses, Fab-Tech in Colchester and NEHP in Williston, dread every legislative session for what new and increased costs will be legislated onto us. We have factories in other states and VT is by far the most costly to conduct business. We are investing elsewhere as a result.
3. Stop the cost creep. Create a Business Environment in which business can flourish. Eliminate the continual impact of legislation that is unfriendly to business in Vermont, such as the Mandatory Paid Leave Bill. That only serves to burden business unfairly and further erodes the ability Vermont businesses have to compete outside the state.
4. Seek legislation that reduces workers compensation expense. The high indemnity leads to rampant fraud and stretching of claims. VT DOL is not fair and impartial. Employers are at a large disadvantage. Our workers comp insurance rate is double in VT what it is in Arizona for the same class under the same underwriting umbrella. It's ridiculous.
5. Focus on reducing electricity costs. The feed-in tariffs have made VT electricity far too expensive, nearing double the rate in other states we operate in.
6. Take steps to reduce education spending. Our business and our employees are over-taxed. There are no measures of success and the performance results are disappointing. The state leadership is failing our children. The legislative grade is 'F'.
7. Reduce budget increases to inflation or lower. We are living beyond our means and slowly eroding our tax base, as noted in the under-performance of individual income tax receipts in 2015. We expect this will continue as high wage earners leave.

The Hon. Shap Smith, Speaker
Office of the Speaker
Vermont House of Representatives
The Capitol
115 State Street
Montpelier, VT 05633

Dear Speaker Smith:

Column 1 of p. A5 of today's issue (Wed, Jan 21) of *The Caledonian-Record* indicates you "want to hear from the public on ideas for promoting economic development in the state."

Accordingly, here is my tiny idea as owner and President of the Vermont business (terminated), Frosty's Physics, LLC,* a scientific consulting firm:

Provide much more support for single-member start-up companies in Vermont which are bound to fail if no one cares in Vermont State government about them, enhancing the level of this support for special categories of business owners such as veterans, those with a history of major disability, and STEM-degree related alumni of Vermont educational institutions at the college level and higher (as is true for me in all 3 categories).

My company is now "terminated," due to the response of the Secretary of State office when I had indicated through my registered agent (Mr. Edward Zuccaro, St. Johnsbury) that I did not want to file another annual report (and pay the fee) to keep my firm active on its books. This was also in the period when the SoS office under Jim Condos was automating its communications, and as a computer-and-Internet-challenged person I did not want to set up another account with another password and user name that I would have to remember along with the rubrics such as the mechanics of complying with their new procedures, terms and conditions. Partial reasons for my actions were to keep my stress level within manageable means as a person with a major disability history (viz., see attached 10-p. CV disclosing that and its impact on my scientific career) and the wish to no longer experience discourtesy and a 'ho-hum' attitude from the reception part of the SoS office.

The types of support mentioned in my idea (after lauch of the startup) would not cost Vermont taxpayers much but could make a huge difference in the survival of a scientific startup -- and thus in the tax revenue tht the State eventually receives. Besides experiencing an authentic courtesy whenever & wherever the owner reaches out to State government and perhaps receiving a waiver of certain fees and procedures under certain conditions, this support could have included being advised of small travel grants available to attend scientific conferences or visit UVM (from which I have 3 degrees), having a robust phone number in the Governor's office for third-party intermediary or even mediation help when encountering a problem with State government, especially its Administration (as I had, for example, with the SoS office, even when I appeared in person at it on State Street in Montpelier), being included on appropriate LISTSERV and other email network lists, being invited to meetings on STEM-related economic and educational development in Vermont (especially annual ones in which technical or scientific knowledge of participants is a plus), having personal assistance in person or on the phone for solving computer and Internet communications problems from my home office in Sheffield, and being accorded a measure of respect for myself as a human person who, though disabled, had shown great courage to reach out and form his own knowledge-based business in 2010.

I tried but failed to earn any money with my firm. But I did benefit society by the various *pro bono* technical reports that my firm had issued over 2010-2014 (*vide* p.6 of 10-p. CV) and by the electronic footprint that I had left in my comment responses to STEM-related blogs, many of which can be found by simply Googling or Binging my full name, "Harold M. Frost, III."

This is all I can do in response to your request for ideas, but perhaps some corporate memory of what had happened to me might serve as an object lesson to Vermont legislators so that future Vermonters who start up highly technical scientific companies will find much more of a welcoming -- and actually helpful -- hand of friendship from Vermont State Government and thus a much brighter future for their enterprises which through growth have the ultimate potential for employing others and even restarting the economic engine with technical innovations and invetnions, for ex.

Thank you, though, for being willing to receive ideas, thereby giving me a small – though just one-time -- voice in the discussion.

Good luck with solving the budget and other problems with which the current Legislature is now grappling.

Sincerely,

Hal Frost

* FROSTY'S PHYSICS, A MEMBER-MANAGED DOMESTIC LIMITED LIABILITY COMPANY, WITH DATA AT: https://www.vtsosonline.com/online/BusinessInquire/BusinessInformation?businessID=13560. I still have active trademark protection.
For context on this firm, a 2010 company prospectus and an updated 2015 10-p. CV disclosing a major disability are attached, both in pdf.

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A legal resident of Vermont for about ½ of my life.

Commercial Rooftop Solar Expansion at No Net-Cost

The solar industry nationally is creating 1 out of every 72 jobs in the country. And solar's job creation is at an average rate of *20-times greater* than the American economy.

Vermont has benefited locally from the solar growth as well. The state is now home to the most solar jobs per capita in the country, with the top three sectors in manufacturing, installation/labor, and sales. This thriving sector has also delivered more solar at lower costs, year after year this decade engaging local lenders, labor, legal services, value-added suppliers, among others.

Standard Offer Expansion

When Vermont's Standard Offer program was expanded three years ago, a market-based mechanism was developed for project pricing. The cost of energy production was modeled at contract prices around $0.24/kWh fixed over 25 years. Today, the solar industry has responded by delivering projects at an RFP price half that, with the most recent contracts in the $0.12/kWh range. This is a price below most, if not all, bilateral contracts of its kind directly with utilities.

Currently, 7.5 MW are contracted annually. This steps up modestly over the coming years before the program expires. This program has drawn local investors and participants including Pomerleau Real Estate, Larkin Realty, Encore Redevelopment, and Green Peaks Development, among others, national financers bringing capital into Vermont, including SunEdison and Borrego, as well as the utilization of local products and labor. This infusion of expertise and capital has spurred the industry across the state in cost and new thriving business models.

Unlike most states in the country, Vermont lacks a strong rooftop solar market on large commercial buildings. Nearly all of these projects have been developed on the ground.

Proposal

Utilize existing statute for the Standard Offer program and the fact that newly-awarded projects are being contracted at ½ the modeled price and add 4MW more in contracted capacity for commercial rooftop solar annually for a three year pilot.

Highlights

- Standard Offer market-based program is delivering solar at 1/2 the modeled cost
- Commercial rooftop solar isn't a viable market in Vermont, unlike most solar states
- Spur the commercial rooftop market by adding 4MW of allocation per year
- Under the proposed RESET bill (under consideration by both the House and Senate), this is among the lowest cost Tier II compliance
- Under the proposed RESET bill, utilities long on RECs can bank or sell the Class I RECs from this low cost renewable power in the New England market for currently $0.067 and have the benefit of the power.

From: Representative Scott Beck
To: Representative Shap Smith, House Speaker

Subj: Economic Proposal

Vermont Economic Growth Proposal

The following proposal is **revenue neutral** to the state budget, and could be instituted **all at once or phased in over time**.

1. Eliminate Vermont's Sales Tax
2. **Eliminate Vermont's Corporate Income Tax**
3. **Adopt a State Payroll Tax** – Incrementally establish state payroll tax of 3.4%, with payment shared equally between employee (1.7%) and employer (1.7%).
4. Increase the Optional Local Use Tax to 2%

Likely Significant Outcomes

-Businesses all over the world would take a second look at Vermont.

-Eliminates the issue of internet sales tax collection
-Business/Industry that have sizable profits would be attracted to a business environment without a corporate income tax…technology, finance, insurance, consulting etc…. These businesses and industries also tend to pay high wages.

-Retailers would be attracted to a business environment that does not require consumers to pay sales tax. This effect would be most dramatic on the western side of the state due to most New York counties having a state/county sales tax exceeding 9%.

-Other tax revenues should grow due to increased commercial activity: income, purchase and use, property, rooms and meals, and gas. These increases could be used to make Vermont even more competitive: reduction of income and/or property taxes, infrastructure spending, tourism and "shop Vermont" marketing, broadband internet, etc. All of this should help to create population growth.

-Highly contentious sales tax audits would no longer be required.
-Towns could raise the Local Use Tax to 2% and still have a significant advantage over New York. This would take pressure off of municipal property taxes.

Challenges

A business payroll tax of 1.7% may force some businesses to reduce their workforce slightly, would be mitigated by a three year phase-in and being relieved of corporate income tax.

Potential Side Effects

-This would likely cause a significant number of self-proprietors to reorganize as corporations. This may require some adjustments to any potential loopholes. We wouldn't want self-proprietors to avoid a tax on personal income related to their business by becoming a corporation.

-This could affect Tax Department staffing requirements. Getting rid of two taxes and adding one might allow for a smaller tax department going forward.

-With the elimination of the corporate income tax advantage, some non-profits may decide to become for profit. This would add to the education property tax base and some municipal tax bases.

2015 Economic Growth Agenda

The Vermont Chamber of Commerce's five-member lobbying team will work to promote our Economic Growth Agenda, which offers a plan that will ignite economic growth, create greater affordability, and generate more jobs for Vermonters.

With a $100 million projected budget deficit this year, spending and revenue will drive policy discussions at the State House. To solve these ongoing challenges, economic growth and job creation must be at the forefront of all discussions.

We are encouraging the Legislature to expand the brand for Vermont, embracing a compelling, forward looking narrative for economic development which will help address the very real challenges we face in Vermont.

Brand Vermont must evolve to better assist the growth of new sectors that can flourish here and provide great jobs. We want to champion a new vision for Vermont environmentalism, one that embraces not only our natural environment, but our economic environment as well. What makes Vermont a great place…makes Vermont a great place to do business. A state that is -- innovative by nature.

This will require no appropriation from existing revenue and will have several benefits including:

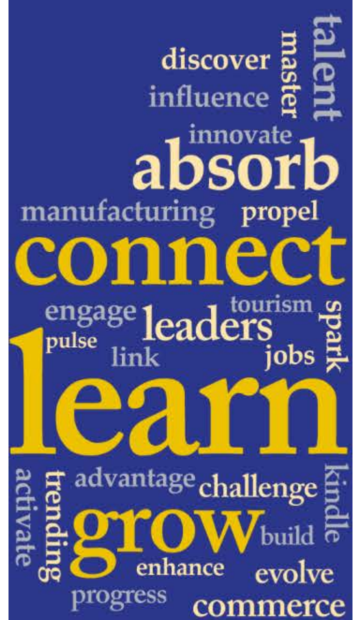
- Increasing State revenue from more economic transactions due to increased tourism and business activity;
- Addressing our talent acquisition challenge by encouraging workers to stay Vermont or move here;
- Encouraging more businesses to grow here by marketing our emerging and mature sectors including technology, manufacturing, energy and food products.

The Economic Growth Agenda also includes recommendations to:

- Preserve the Agency of Commerce and Community Development budget, which is currently less than one percent of the General Fund;
- Address spending problems in education, health care and the State's general fund while avoiding harmful tax increases;
- Support existing workforce training programs to invest in Vermonters and address the growing challenge of talent acquisition for businesses;
- Contain health care costs through ongoing work at the Green Mountain Care Board; and
- Facilitate growth and development by addressing process issues in permitting.

The Vermont Chamber will continue to bring the voice of business to the State House, so we ensure that economic growth is part of the solution. The Economic Growth Agenda will show legislative leaders how to support an environment that will grow our economy, create greater affordability, and generate more jobs for Vermonters.

VERMONT Chamber of Commerce



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