

**From:** Steph Yu <steph@publicassets.org>

**Sent:** Friday, February 4, 2022 5:28 PM

**To:** Faith Brown <FBrown@leg.state.vt.us>

**Cc:** Ann Cummings <ACUMMING@leg.state.vt.us>

**Subject:** [External] Following up on testimony on S.53 and education finance this week

[External]

To Members of the Senate Committee on Finance:

I wanted to provide the follow-up information you asked for about both S.53 and education finance. There has been significant research that shows that moving to a single sales factor approach does not help states retain or increase manufacturing jobs. Michael Mazerov from the Center on Budget and Policy Priorities, who you heard from in the fall, has done a lot of this work and the graphic below sums it up. It's my understanding that he is working on an update of this research and will publish it shortly. I have also provided links below to more of the detailed research if they're helpful.

In addition, Senator Hardy had requested that I provide the committee with some of the education funding graphics that we shared with the task force. Attached are those slides, as well as a short explainer we published in the fall about the two cost equity tools we have in Vermont, pupil weighting and categorical aid.

Please let me know if you have any questions or if I can be helpful in any other way as you navigate all of these issues.

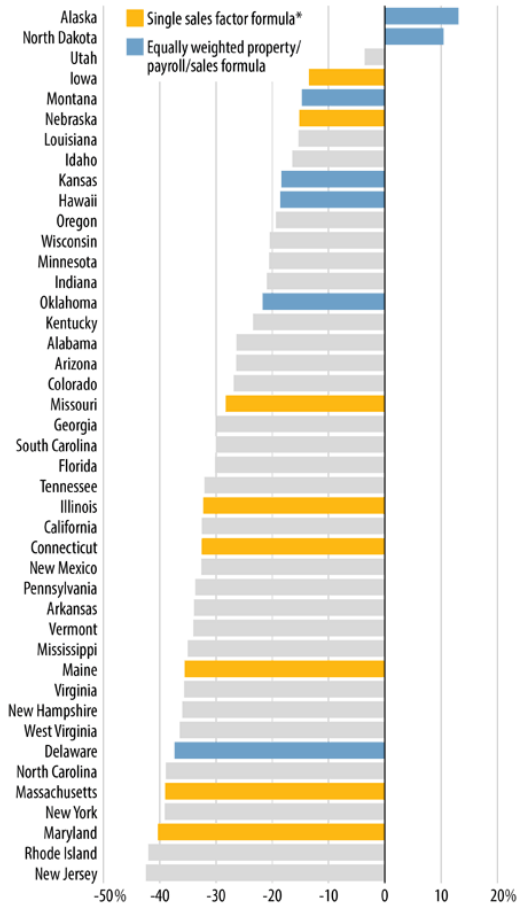
Thanks,  
Steph

[David Merriman, "A Replication of 'Coveting Thy Neighbor's Manufacturing: The Dilemma of State Income Apportionment'," Journal of Public Economics, 2014; available on request.](#)

<https://www.cbpp.org/research/state-budget-and-tax/state-job-creation-strategies-often-off-base>

## "Single Sales Factor" Tax Break Hasn't Helped States Retain Jobs

Gain or loss in manufacturing jobs, December 2000-December 2014



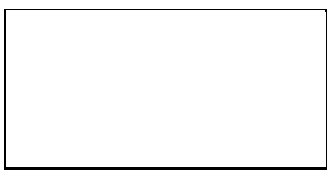
\*The single sales factor formula bases state corporate income taxes on the share of a firm's sales in that state. The equally weighted formula bases taxes on a firm's sales, payroll, and property in that state.  
 Source: CBPP calculation based on Bureau of Labor Statistics data

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pronouns: she/her/hers