



LEGISLATIVE REPORT

Lake Champlain Regional Chamber of Commerce & GBIC

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Lake Champlain Regional Chamber of Commerce

Chamber of Commerce

60 Main Street
Suite 100
Burlington, VT 05401
(802) 863-3489
(802) 863-1538 (fax)
www.vermont.org

GBIC

60 Main Street
Burlington, VT 05402



GBIC

(802) 862-5726
(802) 860-1899 (fax)
www.vermont.org/gbic

Statehouse

(800) 322-5616
(802) 828-2424 (fax)
www.leg.state.vt.us

Legislative Report is a weekly update from the legislative team of the Lake Champlain Regional Chamber of Commerce and GBIC.

Editor/Writer

Dawn Francis
dawn@vermont.org
863-3489 ext. 210

Writer

Cathy Davis
cathy@vermont.org
863-3489 ext. 206

Governor Jim Douglas gave his eighth and final State of the State address this week, laying out several plans to reshape state government. His focus included many of the Chamber and GBIC's priorities:

- Eliminating the Vermont Employment Growth Incentive Cap
- Rolling back the Estate Tax increase made last session
- Sunsetting the Capital Gains changes while keeping in place the lower tax rates
- Restoring \$1 million to the Vermont Training Program
- Increasing the Vermont Department of Tourism and Marketing budget by \$500,000
- Changing eligibility for the property tax income sensitization program. Currently 66% of all residential property taxpayers fall under the program and that percentage will continue to grow
- New incentives for increased broadband deployment

The big news this week aside from Governor Douglas' State of the State address was an announcement by Governor Douglas, Speaker Shap Smith, and Senate President Pro Tem Peter Shumlin that they had agreed on a plan to save more than \$38 million. Senator Diane Snelling (R- Chittenden Co.) chair of the Joint Legislative Government Accountability Committee described the plan. The consensus package hopes to provide better service for Vermonters at less cost. Secretary of Administration Neale Lunderville stated that these \$38 million in savings will go a long way in addressing this year's \$150 million budget shortfall. Agencies will be given less funding but more freedom in how to achieve savings. Changes to the state's contracting and grants to a more results-based focus, public employee health care purchasing, education and economic development funding will also make up part of the savings. Senator Snelling commented that these ideas work for business and they could work for government too. Our March Legislative Breakfast will focus on this issue with a speaker from Public Strategies Group, the consultant used by the Legislature to craft this plan. A copy of the full report is available here: <http://www.leg.state.vt.us/jfo/Challenges%20for%20Change%20-%20PSG%20Report%2001-05-2010.pdf>

House and Senate Majority and Minority Leaders announced that they will vote to take a 5% pay cut this session. It will total \$100,000 in savings over the 16-week session. It follows 5% pay cuts taken last year by Executive Branch employees who each make more than \$60,000 annually.

The Legislature's Joint Fiscal Office (JFO) provided Senators with an overview of the state's fiscal situation. They estimate that the state's FY11 deficit will be \$150 million, growing to \$161 million in FY12. While some recovery is expected by FY12, the loss of federal stimulus funding will result in the higher deficit that year. FY13 could see a smaller deficit of \$138 million. JFO's Steve Klein commented that lawmakers would need to cut 20% from base spending in order to deal with these deficits.

State Treasurer Jeb Spaulding also provided Senators with a briefing on the recommendations of a commission charged with looking at state employee and teacher retirement. He indicated that if no changes are made to retirement packages, the State will have to appropriate an additional \$32 million this

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year. To draw full retirement benefits an employee must reach age 62 or at any age after reaching 30 years of service. The Committee recommended several changes including raising the retirement age and changing how benefits are calculated. An Executive Summary of the Commission's report is available here: http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/_Summary_Retirement_Commission_Report_Dec_09.pdf

Bills of Interest:

S.164 has been introduced as a result of testimony by Green Mountain Coffee Roasters (GMCR) which was facilitated by our organizations this past fall. The bill amends the definition of tangible personal property or machinery used in the manufacturing process and will address the issue of the taxation of secondary packaging raised by GMCR. This bill was initiated by Senators Illuzzi, Miller, Scott and Sears.

S.198 proposes to create a 17-member Economic Development Board. This legislation was crafted by the Commission on the Future of Economic Development (CFED) over the fall, The overall purpose is to establish an entity to develop and implement long term planning for economic development; ensure benchmarks are established to measure performance and monitor Vermont's progress toward meeting its goals for economic development. The Chair of this Board will be a full-time employee appointed by the Governor and House and Senate leadership who will also appoint the various stakeholders to the Board.

S.214 is an extensive retooling of the environmental permitting process and has been introduced by Sen. Ginny Lyons (D-Chittenden Co.). The proposal would eliminate the Vermont Agency of Natural Resources, the Environmental Court and the Natural Resources Board and consolidate state permitting into a new entity to be known as the Department of Environmental Quality, who would be appointed by a process endorsed by the environmental community. The bill would also allow appeals of growth center designations and regional and municipal plan conformance to a new Environmental Council and expand the definition of party status. Finally, the proposal also calls for a work group to further improve Vermont's environmental permitting process.

S.204 amends certain tax increment financing provisions in state statutes.

S.206 provides ARRA funds for seed capital, reallocates CDBG funding and injects \$800,000 into Regional Development Corporation's for clean energy and renewable technology economic development.

H.323 is a reworking of a riparian buffer bill and is a priority of House Fish and Wildlife Committee Chair, David Deen (D-Windham). It establishes a 50-foot buffer along all navigable waters. If municipalities adopt fluvial erosion hazard maps and bylaws, then they are exempt from the 50-foot buffer requirement.

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