



LEGISLATIVE REPORT

Lake Champlain Regional Chamber of Commerce & GBIC

January 22, 2010 - Week 3



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

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The third week of the 2010 Legislative Session began with Governor Douglas' final budget address. The state budget outlook for FY2011 is grim and Governor Douglas' proposed budget contained many cuts to programs throughout state government. In his closing remarks to legislators, he said that given the circumstances, they must "act boldly and lead fearlessly." Due to increasing budget pressures, decreasing federal stimulus funding and shaky state revenues, the budget shortfall for FY11 is expected to be \$150 million.

Many of the Governor's proposed cuts center on human services programs, including education and Medicaid, as they make up the largest portion of state government spending. Some of the changes were suggested by Tiger Teams, agency and department staff, who worked over the summer and fall to identify new opportunities for savings. One such example included in the Governor's budget would limit the number of times a Medicaid beneficiary can visit the Emergency Room each year. Currently there is no limit on such visits. The Governor is suggesting a twelve visit per year limit for visits that do not end with a hospital stay. To read Governor Douglas' budget address: http://governor.vermont.gov/speeches/budget_address-1-19-10.pdf

Senate President Pro Tem Peter Shumlin and Speaker Shap Smith held a Jobs Forum this week in order to help Legislators understand how they can help employers in Vermont succeed. The forum was attended by a number of legislators, including the House and Senate Economic Development Committees and Lt. Governor Brian Dubie. Chamber Board Member Mike Trombley, with Advance Music in Burlington, was one of the employers asked to participate on the panel. He talked about the disadvantage his business faces when competing with internet sales. He indicated that a trade magazine reported that Vermont businesses lose an estimated \$6 million per year due to internet sales of musical instruments. Trombley also asked legislators to consider expanding the state's historic building tax credit program, noting that he would like to renovate his downtown Burlington building, but that he can't access the state historic tax credit because of competition for the limited credits.

Jerry Tarrant, with MyWebGrocer in Colchester, mentioned that his company is looking to hire ten software engineers but that it is very difficult to find people with the skills they need. They recruit at Vermont's colleges and universities but he noted that last year, Champlain College graduated only 8 software engineers. He emphasized the need to change our educational system so that more students focus on math and science. Summarizing the forum, Speaker Smith indicated that he had heard two common themes: attracting capital, and access to a qualified workforce. Bill Parker with Creative Microsystems in Waitsfield, a research and product development company, commented that he did an internship at IBM when he was in high school and it changed his life. When he came out, he knew what he wanted to do and he's done it. He suggested that a more direct relationship between employers and schools would help align Vermont's workforce with what employers need.

Several employers at the forum mentioned that when they seek capital, private equity firms often suggest they leave Vermont. Jerry Tarrant indicated that they raised private equity funds this summer and the five firms they spoke to suggested they move out of Vermont. MyWebGrocer benefitted from the Vermont Employment Growth Incentive program and Tarrant said the program was helpful in illustrating to equity firms that Vermont wants to retain its employers.

The Senate Economic Development Committee worked on their State Fiscal Stabilization Fund bill this week. The bill currently includes \$8,670,000 in American Recovery and Reinvestment Act (stimulus) funding for interest-rate subsidies on loans through the Vermont Economic Development Authority

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(VEDA), funding for broadband access, loans or grants to businesses affected by the Champlain Bridge closure, loans and grants for the agriculture industry, \$1 million for the Vermont Training Program, and \$500,000 for the Vermont Department of Tourism and Marketing. Based on committee discussion the bill is likely to change and may include funding for a seed capital fund that the Committee spearheaded last year.

Senate Economic Development also took testimony on the Unemployment Insurance Trust Fund this week. The State will shortly receive the first advance of \$59 million from the Federal Trust Fund in order to shore up Vermont's program. A Legislative Study Committee appointed to come up with a solution for dealing with the Fund has not yet published a report. A small group of legislators is said to be working on a plan in lieu of a report from the Committee. Business groups, including the Chamber and GBIC, have acknowledged that employer contributions to the fund will need to increase in order to lessen the amount of money Vermont borrows from the Federal Trust Fund. Putting the fund on a sustainable path will also require changes to eligibility for benefits.

The Emergency Board is expected to vote later this morning on whether to raise the annual cap on the Vermont Economic Growth Incentive program. The Board is being asked to raise the cap from \$10 million to \$25 million in light of pending applications from employers wishing to grow jobs in Vermont. Several committees have taken testimony on the issue with the Senate Economic Development Committee voting unanimously to raise the cap last week. Some interested parties are concerned that if the E-Board votes to raise the cap, they may institute restrictions on the program which could impede applications filed between now and 2011.

With news of tritium found in additional locations at the Vermont Yankee Nuclear Plant, it is unclear what will happen with the plant's request to extend its operating license beyond 2012. Senate President Pro Tem Peter Shumlin and Speaker Shap Smith called on the Vermont Department of Health to conduct independent tests with regard to tritium levels at the site. Governor Douglas renewed his call that the Legislature allow the Public Service Board to determine the plant's future.

Quick Hits:

The House passed the FY2010 Budget Adjustment bill, H. 534. Among other things, the bill includes a 5% pay cut for legislators. The bill still needs Senate approval. <http://www.leg.state.vt.us/docs/2010/bills/Intro/H-534.pdf>

The House Natural Resources Committee worked on bill H.97 which would prohibit idling. As introduced, the bill would have prohibited vehicles weighing more than 10,000 pounds from idling for more than five minutes. In their consideration of the bill, the Committee has also included passenger vehicles in the ban. <http://www.leg.state.vt.us/docs/2010/bills/Intro/H-097.pdf>

Please mark your calendar for our annual Employer Day at the Statehouse on Friday, February 5 from 8:30 a.m. to Noon. You'll have an opportunity to hear from Governor Douglas, Senate President Pro Tem Peter Shumlin and Speaker Shap Smith and connect with your legislators. RSVP to Cathy Davis at cathy@vermont.org.

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