

2007 PUBLIC POLICY STATEMENT

PREAMBLE

The Rutland Region Chamber of Commerce and Rutland Economic Development Corporation represent over 700 individual member businesses. Combined, our members employ approximately 25,000 local residents. This Public Policy Statement is the result of several weeks of concerted effort by individuals representing a broad cross-section of our memberships. It incorporates input solicited from the combined rolls of the two organizations.

A prosperous business community with a growing job market is the foundation of a healthy community. New business investment and job creation drives tax revenue, and thus state resources, for programs from health care to education.

We are committed to the economic vitality and quality of life of the Rutland Region. In fact, we believe that we cannot have one without the other. Our focus is on creating a climate in which new and better jobs are created and workers are equipped to perform those jobs. Our hope is that current and future generations will choose to live and work in the Rutland region and to enjoy a high standard of living.

EXECUTIVE SUMMARY AND CONTENTS

- **Fiscal/Tax Policy (Page 4)** – Tax policy has a significant effect on business investment and job creation. Vermont’s tax burden, including marginal income tax rates and property taxes, is among the highest in the nation. This results in decreased levels of new business formation, fewer resources for investment in new technology, fewer and lower paying jobs, higher social service costs, and lower tax receipts.
- **Health Care (Page 4)** – Adequate health care is essential to individual well-being. Government-funded programs pay less than the cost of services, forcing the cost to be shifted onto individuals and businesses outside of the government system. We support policies that increase options for private health insurance, reduce dependence on government health care and require that all government programs pay the full cost of services.
- **Energy (Page 5)** – Household consumers and employers alike depend on reliable and affordable energy sources. To this end, we advocate policies that support economical, competitive, diverse and reliable sources of energy in the region.
- **Education and Workforce Development (Page 6)** – Access to a variety of high quality education and training options is vital to the region. Nevertheless, ongoing increases in the cost of public education have placed a severe burden on taxpayers. This burden must be reduced, not merely shifted from one taxpayer to another. RRCC and REDC support policies to deliver high quality education and training options in the most cost efficient manner possible.
- **Education Funding (Page 8)** – School taxes are a burden on individuals and businesses alike. We advocate cost controls in public school systems, a shift in resources away from administration and into the classroom, and implementation of a voucher system as a means of ensuring accountability.
- **Permitting (Page 9)** – The ability to undertake new development projects in a timely and predictable manner is necessary in order to maintain the vitality of local communities. We propose procedural changes in ANR, to the Act 250 process, and additional training of local development review officials.
- **Telecommunications (Page 10)** – Access to advanced telecommunications is vital. We support a competitive market for telecommunications services and the removal of barriers that delay or prevent the development and expansion of infrastructure.

- **Transportation (Page 11)** – The regional economy depends on the ability of both passengers and freight to move freely into, out of, and through the region. Specific requests are made in support of advancing the Rutland Railyard Relocation Project, matching of federal highway funds, construction of currently planned highway projects, and improvements to the Rutland State Airport.
- **Tourism Marketing (Page 13)** – Tourism provides a large number of jobs and substantial tax revenues. We call for increased investment in tourism promotion to boost the economy and increase state revenues.
- **Employment Practices and Workers’ Compensation (Page 13)** – RRCC and REDC recognize the state’s role in preventing abusive employment practices and monitoring worker safety. We support the workers’ compensation program as a means of protecting both workers and employers from undue hardship. We oppose burdensome state mandates that hinder job creation.
- **Housing (Page 15)** – Availability of housing for people of all income levels is a fundamental need shared by all. We propose reducing regulatory obstacles to the development of new housing. In addition, we advocate incentives for development of housing within designated downtowns, village centers, new town centers and other areas specifically targeted for residential growth.

Fiscal/Tax Policy

Tax policy has a significant effect on business investment and job creation. Vermont's tax burden, including marginal income tax rates and property taxes, is among the highest in the nation. This results in decreased levels of new business formation, fewer resources for investment in new technology, fewer and lower paying jobs, higher social service costs, and lower tax receipts.

We advocate a fiscal policy based on a balanced budget and supporting a strong credit rating:

- State government must become more efficient.
- State government should not compete with products and services available from the private sector.
- Stop the practice of diverting “dedicated funds” (i.e. transportation, education) from their original purpose. Do not use cost shifting and fund transfers to “balance” the budget.
- Use revenue surpluses to reduce debt, increase the contingency fund, or cut tax rates.
- Maintain or increase funding in areas that generate revenue and stimulate employment.

Health Care

Government funded health care programs do not cover providers' costs of delivering services. Providers are forced to recover their related losses via increased rates charged to patients with private insurance. State mandated coverages add to costs and reduce the number of insurers willing to do business in the state. To reduce the burdens placed on both employers and workers by cost shifting and mandated coverage, RRCC and REDC support the following policies:

- All government programs should pay the full cost of health care services they purchase.
- Enact reforms to encourage additional private insurers to offer competitive coverage options to Vermonters.
- Oppose any expansion of government health care programs, including a state funded universal health care system.

Energy

Vermont is at a unique point in its energy policy future. Between 2012 and 2016, over 60% of the state's energy supply will need to be replaced. Mindful that the state has a historic opportunity to shape its future, we advocate the following:

- A consistent, fair and open regulatory process that recognizes the realities of Vermont's position in the market to ensure an efficient power supply transition.
- Undertake an outreach initiative to engage the public in discussing Vermont's energy future. The process should be open, transparent and accessible to all customers, from residential to industrial

Vermont-based utilities are critical to securing competitive power supply resources on customers' behalf and provide a number of additional quantitative benefits. Our utilities provide the region and state with good jobs, a substantial tax base, a successful economic development program, and related assistance. Given these circumstances, RRCC and REDC:

- Oppose policies likely to jeopardize the long-term viability of Vermont based utilities and/or impair their credit worthiness.
- Oppose regulatory action to increase the budget and corresponding fees charged for the Energy Efficiency Utility.
- Oppose any expansion of net metering, except at wholesale rates.
- Support a retail rate power cost adjustment mechanism.
- Advocate harmonizing ANR/DPS permit review of generation projects.
- Propose allowing wholesale/retail competitive access to power.
- Support transmission service upgrades to ensure and enhance reliability, including the VELCO Northwest Reliability Project and proposed upgrades to the Southern Loop.
- Support incentives for cost-effective clean, renewable energy.

Development of new electrical generation projects within the state will create jobs, improve the farm economy, and increase the tax base.

- In particular, we support efforts to develop and maintain clean, renewable energy sources within Vermont, including biomass, wind generation, hydro, and methane generation, regardless of size.

Access to affordable and reliable petroleum-based energy sources remains vital to the regional and state economy:

We support policies to foster development of adequate propane and fuel oil systems to ensure adequate storage and delivery capabilities.

Education and Workforce Development

Pre-K Education and Daycare

Care and education of young children in Rutland County is offered through many diverse providers, including stay-at-home parents, family members, for-profit and non-profit daycare centers, and in-home settings. Both secular and parochial providers are available. Affordability and quality are continuing concerns for parents requiring daycare and preschool services. RRCC and REDC:

- Oppose the creation of publicly funded pre-K centers, which would likely eliminate the majority of existing private centers, thereby reducing parental choice, destroying many private sector jobs and exacerbating an already burdensome school tax situation.
- Recommend an economic impact study before any further consideration of publicly funded pre-K centers.
- Support policies that maintain or increase private daycare and preschool options, including care by a stay-at-home parent.

K-12 Education

A K-12 education should provide students with the knowledge and skills needed to fulfill the basic responsibilities of an adult in our community. It should also provide a starting point from which additional education and training can be pursued. RRCC and REDC support the following steps to deliver high quality K-12 education in the most cost efficient manner:

- Consolidate supervisory unions.
- Shift resources away from administration and toward the classroom.
- Reduce unfunded state and federal mandates.
- Require economic impact studies prior to the imposition of additional mandates.
- Pursue cost containment measures, including sharing of health care costs and increasing student/teacher ratios to maximum generally accepted levels.
- Make maximum use of existing low-cost, high-impact programs such as drop-out prevention programs in high schools
- Implement a comprehensive school voucher program to provide choice, improve satisfaction and control costs.
- Recapture per capita funding from schools when students drop out.
- Ensure appropriate vocational and career planning for all students, including those at risk and with disabilities.
- Encourage business/school partnerships that promote curriculum development and training for all students, including those at risk and with disabilities.
- Include literacy in personal, business, and government finance as an element of the core curriculum.

Workforce Development

Our population and workforce are aging. Older retiring workers outnumber the young adults who would replace them in the workforce. As good jobs become available due to business growth and worker retirements, they often go unfilled due to a lack of skilled replacement workers.

This situation has myriad implications for Vermont in the coming decades. In particular, potential shrinkage in our commercial and industrial tax base threatens our ability to raise sufficient revenues to serve the rising needs of the aging population. RRCC and REDC support the efforts of the Rutland Region Workforce Investment Board (RRWIB) and others in the community to address these issues. We believe that it is possible to mitigate the negative effects of these demographic changes through the following initiatives:

- Enact policies and incentives to encourage the next generation of skilled workers, graduating from our postsecondary schools, to live and work in Vermont.
- Enact policies and incentives to move the unemployed and underemployed, including those with disabilities, into the workforce and/or into more productive jobs.
- Oppose/rescind policies, programs, taxes and regulations that discourage employers from creating good jobs.
- Increase the amount of earned income allowable without a reduction in government assistance.
- Increase the RRWIB state grant from \$14,056 to \$30,000 (to bring RRWIB to a 50/50 state/community-funding match, as per terms of the state grant).
- Support continued funding of successful workforce tools, including the Workforce Education Training Fund, State Apprenticeship Program, Manufacturing Training Program, and employment services that specialize in linking untapped labor pools with suitable employers.

Technical Education

Due to the circumstances described above, technical centers have become an ever more vital resource to the state. Utilization is at an all-time high and facilities are in some cases beyond capacity. Meanwhile, the accelerating deployment of new technologies by business and industry necessitates new investments in technical center equipment in order to maintain relevancy.

RRCC and REDC support the following statewide request for annual subsidies to technical centers:

- Increase annual equipment funding from \$500,000 to \$1,000,000 (to be split between technical centers and comprehensive high schools).
- Continue annual adult technical education funding at the FY 06 level of \$307,000

Stafford Technical Center in Rutland has been especially successful and the facility is in dire need of expansion. Temporary steel buildings constructed in 1973 no longer meet the needs of the programs housed there and preliminary assessments indicate that renovation is not feasible. In collaboration with Stafford Technical Center's Regional Advisory Board, RRCC and REDC support a proposed expansion of Stafford Technical Center including:

- Demolition of the two existing outbuilding structures.
- Construction of new space for Automotive Technology, Automotive Refinishing & Collision, Natural Resources-Forestry & Horticulture, and Carpentry.
- Construction of a second smaller building to house Technical Center equipment, heavy machinery, and three buses.
- Renovate existing space to support Electrical/Plumbing, Power Mechanics/Welding and Creative Structures programs.

Higher Education

Rutland County's institutions of higher education, both public and private, are significant contributors to the success of the region. In addition to developing vital intellectual capital, they are significant employers and drivers of economic activity. In support of these institutions, RRCC and REDC advocate policies that encourage the ongoing health and growth of the institutions, both public and private.

Education Funding

High tax rates hinder economic growth and the creation/retention of good jobs. Merely shifting an excessive tax burden from one taxpayer to another does not diminish its negative effects. In addition to the cost control measures proposed above, RRCC and REDC advocate the following:

- Enact an automatic annual adjustment to the property tax rate, in proportion to changes in the overall grand list.
- The Commissioner of Taxes should review property tax rates annually, as provided under Act 68. Tax rate adjustments should be recommended and approved by the Legislature as necessary to maintain funding at current per student rates, plus an appropriate inflation factor.
- Eliminate differential tax rates between homestead and non-residential properties.

Permitting

As it exists today, the process of permitting new development constitutes an unpredictable burden on individuals and employers wishing to invest in Vermont. It costs jobs, contributes to the decline of the region's population, increases the need for government services, and reduces the potential for new government revenues.

We endorse amending the permitting process so as to be objective, quantifiable, predictable and timely.

Agency of Natural Resources

The ANR lacks the managerial and fiscal resources to properly administer its programs. Rules are often poorly crafted and require inordinate staff effort for review and interpretation. Due to these inefficiencies, ANR often cannot fulfill its other delegated duties. The Agency's program for consultant certification, intended as a solution, seems to have exacerbated the problem. We propose the following:

- The Administrative Procedures Act (APA), allowing ANR to adopt rules, should be rewritten. The rules should concentrate on the major issues affecting the environment. Regulation of non-environmental issues is time-consuming, expensive and offers little return on the investment of public funds.

ANR and several other regulatory agencies have moved to adopt "guidance, procedures and policies" to respond to conflicts and perceived oversight and administrative shortcomings. These documents do not go through the APA process. The General Permits also bypass the APA process. We advocate the following changes:

- The ANR and all agencies should certify their rules prior to adoption by the APA process.
- All rules and general permits offered by the Agency(s) should be subject to the APA process.
- All guidance, policies, procedures and other similar documents offering clarification on an adopted rule or general permit should have a shelf life of no more than 60 days unless submitted to the APA process. These documents should become void if not approved by the APA process within 180 days of adoption.
- All rules proposed for adoption by the Agency(s) should bear the statement signed by the Secretary: "The agency hereby certifies that these rules are clear, concise and without internal conflict, and that these rules are not subject to interpretation, and that all agency personnel will interpret these rules identically."
- Permit specialists from the Agency of Natural Resources and the Act 250 district offices should be co-located with their respective Regional Development Corporations. This follows the model established by of SBDC and VMEC, whereby business support services are co-located with RDCs.
- RRCC/REDC should be an invited participating member in the legislative effort to reorganize the Agency.

Act 250 Permit Reform:

Certain aspects of the Act 250 process create redundancies with other state agencies or represent hurdles that are unnecessarily high. We advocate the following changes as a means to expedite the process without compromising environmental protection:

- Revise the rules to make all state and local permits and decisions dispositive.
- Revise the statute to make the rules of evidence based on “clear and convincing,” not “a preponderance of” evidence.
- Revise the rules to allow pre-existing projects with municipal water and sewer on previously developed properties to be exempt from Act 250 jurisdiction (exemption does not extend to ANR permits required separately).

Local Development Review:

Potential employers and other investors often experience frustration as they seek permits at the local level. This frustration sometimes stems from a lack of experience and/or training on the part of local officials. We offer the following solutions:

- Train local officials undertaking development review, to ensure consistency and fairness in the implementation of local regulations.
- As provided by existing statute, allocate to the Municipal and Regional Planning Fund its portion of the Property Transfer Tax, the additional funds to be used for the specific purpose of education and training of local officials.
- Continue funding the Education and Training Collaborative, for the specific purpose of preparing, updating, and coordinating materials and programs to be used in the training of local officials.

Telecommunications

Affordable, high-speed telecommunications service is essential to meet the needs of Vermont’s businesses, schools, residents and travelers. Modern infrastructure is needed to compete regionally and globally. RRCC and REDC endorse the following:

- Enact policies to increase the availability of modern mobile wireless telecommunications services along the state's travel corridors and in the state's communities.
- Remove barriers to the appropriate location of cellular towers.
- Encourage the availability of high-quality, reliable, affordable broadband service.
- Support competition among telecommunications service providers.
- Apply telecommunications technology to support and improve governmental services and enhance public safety.

Transportation

Rail

Rail transportation is a vital resource for businesses and individuals in many parts of the state. The utility of Vermont's rail infrastructure is limited by the fact that it does not meet national standards in some respects. In order to increase the contribution of the existing rail system to Vermont's economy, RRCC and REDC support:

- Implementation of a plan of improvement to Vermont's rail system, with a goal of meeting national standards and eliminating limits on rail utilization.

Over 80% of rail freight traffic to and from Vermont businesses passes through the outmoded Rutland Railyard. The Rutland Railyard Relocation Project is the single largest component of the Gateway Rural Improvement Pilot Program (GRIP), which was authorized by Congress in the 2005 SAFETEA-LU transportation authorization bill. GRIP, Inc., the independent non-profit organization formed to coordinate the GRIP pilot project, expects to formalize its public/private collaboration with VTrans prior to the 2007 session.

We support following actions during the 2007 session:

- Approve all funding requests emanating from this collaboration.
- Approve funding for the engineering phase of the Railyard project.
- Expedite consideration of wetland mitigation and other potential obstacles, which must be overcome quickly in order to initiate final design and take advantage of resources available through the GRIP pilot.

Highways and Bridges

Highways and bridges remain our most-used transportation infrastructure. Much of this infrastructure is inadequate to meet current needs and/or is in need of repair. Local, regional and state transportation officials have worked diligently in recent years to plan and prioritize bridge and highway projects in Rutland County. We advocate the following:

- Give priority to major corridors accessing Rutland County.
- Proceed to construction on currently planned projects to improve U.S. Routes 7 and 4 corridors.
- Approve matching funds as necessary to secure all designated federal transportation dollars available to Vermont.
- Provide consistent funding for local road and bridge projects.

Air Transportation

Rutland County must have a local airport that will accommodate commercial airlines as a key component of economic development for the region. RRCC and REDC are committed to working with local and state officials to ensure that the continued growth of the Rutland State Airport is a priority and is funded appropriately.

In addition to its importance to the tourism industry, access to reliable air transportation is an increasingly important consideration for employers in their site selection process. A well-equipped airport is essential to regional growth and stability.

The Legislature should act through the Agency of Transportation to ensure that master planning and environmental assessments (required to move to design and construction of the following projects) are accomplished in a timely manner. We advocate the following:

- Extend and improve the primary runway, addressing extension and safety areas to meet new regulatory requirements (required for air traffic growth).
- Complete the Medium Intensity Approach Light (MALSR) System.
- Improve instrument approach, as emerging technology allows (to ensure reliability for high performance commercial aircraft desiring access to Rutland in the winter months).
- Continue phased renovations of the terminal building to accommodate the needs of both commercial air service and General Aviation (Phase III required to accommodate transportation security and customs requirements).
- Acquire property as necessary for facilities expansion and hangar development (needed to make the airport self sustaining).
- Direct the Agency of Transportation to change the name of the Rutland State Airport to the Southern Vermont Regional Airport at Rutland to better reflect its regional service area.
- Explore management and staffing alternatives for the Rutland State Airport, in order to meet challenges presented by increased regulation and higher volumes of commercial traffic, and to manage overall growth in and around the airport.

Tourism & Marketing

Vermont and Rutland County rely heavily on travel and tourism to support the economy.

Each year, visitors make 12.8 million trips to Vermont for leisure, business or personal travel. Visitors spend \$1.46 billion annually, support 36,470 jobs, and contribute \$184.7 million in tax and fee revenues to the General, Education, and Transportation Funds.

Other tourist areas compete aggressively with Vermont for these benefits. Maintaining our position requires constant vigilance and warrants additional investment of state funds. We advocate the following policies in support of Vermont travel and tourism:

- Increase funding for the Vermont Department of Tourism and Marketing (VDTM). The current base is \$4.3 million, while the average for northeast states is \$6.8 million.
- Increase funding for the Regional Marketing Program under the Office of Finance & Management. Annual funding has declined from over \$1 million to \$400,000.
- Implement a comprehensive cross-marketing program to promote economic development with tourism (Agency of Commerce & Community Development).
- Provide highway exit and mileage signage directing travelers to the town of Killington on Interstate 89 North and South, I-91 North, US Route 4 and US Route 7, 106, 100A, 100, 103 and 107 (VTrans).
- Impose the least onerous boarder crossing requirements between the U.S. and Canada, within the limitations required to maintain national security. RRCC and REDC advocate a compromise on the need for passports to enter the United States from Canada. (i.e. possibly the less expensive I.D. Card being considered). A passport-only (border crossing) requirement planned in the Western Hemisphere Travel Initiative (WHTI) would hamper travel across the U.S. borders of Vermont from Canada. In 2003, more than two million Canadians visited Vermont and spent \$188 million while here.

Employment Practices

RRCC and REDC believe that sustainable livable wages can only come from economic growth and vitality and not from legislation.

We recognize the need for reasonable and justifiable employment laws. However, some government mandated employee benefit programs create unnecessary economic and administrative burdens on employers, thereby hindering job creation. As such, we oppose:

- State-mandated paid family and medical leave.
- The use of Unemployment Insurance funds for purposes other than compensating temporarily unemployed workers.
- New government mandated wage and benefits laws.

Worker's Compensation

RRCC and REDC support improved worker safety without state mandated programs that increase costs to employers and hinder job creation. Injured workers should return to work safely, quickly and cost effectively. The longer a person spends out of work, the less likely he or she is to return.

We support the workers' compensation program as a means of compensating employees injured in work-related accidents or by occupational diseases, while protecting employers from legal liability. RRCC and REDC support the following:

- Continuing the reform of the workers' compensation program by assessing the appropriateness of Vermont's benefit levels and compensable injuries as compared to other states. We support a study that compares our benefits such as permanent partial, permanent total and wage replacement benefits with those from other jurisdictions to determine if caps on benefits would bring us more in line with other states.
- The enactment of legislation providing co-workers with the legal immunities as extended to employers.
- Post-accident drug testing of employees involved in a workplace accident while ensuring that the employer is not mandated to fund rehabilitation programs, and that the testing does not render employees immune from discipline.
- The development of special training programs to demonstrate the benefits of workplace safety programs.
- The development of medical and safety standards as guidelines for all parties to adopt when applicable.
- Greater resources to deal with fraud, coverage compliance, ensuring quality adjustment and restitution where appropriate.
- Develop and fund an office of enforcement and compliance within the Department of Labor to enforce the existing fraud clause in the workers' compensation rules that holds employees accountable for professing non-work-related injuries/illnesses as work-related or being untruthful about the nature, severity, or duration of an injury or illness.
- Reduce worker's compensation costs through the apportioning of aggravating injuries and pre-existing conditions.

Housing

An adequate supply of housing at all price levels is necessary both for quality of life and economic development. Suitable housing is an essential prerequisite to job creation and workforce development. RRCC and REDC advocate the following policies to encourage providing a diversity of housing options in the region:

- Enact reforms to local and state permit processes and codes to remove unnecessary barriers to housing development.
- Waive Act 250 review for any mixed income or mixed use housing developments in designated downtowns, village centers, or new town centers.
- Enact, extend and expand incentives to improve and increase housing units, including growth center tax credits.
- Fully fund the allocation of the property transfer tax to the Housing and Conservation Trust as provided by statute.
- Consider tax credits for employer assisted housing.
- Ensure that the on-site septic program does not unduly inhibit the production of housing at all income levels.