

Public Policy Committee
Rutland Region Chamber of Commerce
Rutland Economic Development Corporation

2009 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 a result of a 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. A vital business climate allows our region to afford the elements of a vibrant community in which to live and raise a family. New business investment and job creation further drives tax revenue, and thus state resources, for programs from health care to education.

The Rutland Region has historically been a center of manufacturing in Vermont, providing the core economic base of employment for the community's middle class (sector average wage is 27% above the County average wage of \$32,194). Legislative programs are required to ensure that Rutland County, and Vermont as a whole, creates the needed new incentives and support to foster growth in our manufacturing sector. This is fundamental to maintaining the economic "quality of life" for working Vermonters.

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.

Despite the clarity of this hypothesis, we are concerned about the challenges faced by business in our region. Business can not produce the outcomes we desire for our community while, at the same time, fighting efforts to encumber their work with burdens and demands on their resources. Legislative initiatives must partner with business concerns for a positive future direction for our region.

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EXECUTIVE SUMMARY AND CONTENTS

- I. Tax Policy/Fiscal Policy (Page 4)** – Tax policy has a significant effect on business investment and job creation. RRCC and REDC advocate a stable tax and fiscal policy which raises only those funds which are required for the efficient cost effective operation of those functions best carried out by state and federal government.
- II. Health Care (Page 4)** – RRCC and REDC support a high quality healthcare system in which the cost of services purchased by the state and federal government are fully reimbursed to the provider, where Vermonters are rewarded for healthy lifestyles, and where individuals play a role in the decisions about their healthcare.
- III. Energy (Page 5)** – Vermont based utilities are critical to securing competitive power supply resources. RRCC and REDC support energy policies which promote affordable, reliable and available energy which enhance competitiveness of Vermont's businesses.
- IV. Education and Education Funding (Page 6)** – RRCC and REDC support an efficient, right sized education system in which a maximum amount of resources are devoted to direct educational experiences which prepare students to take advantage of the opportunities offered in our state.
- V. Workforce Development (Page 7)** – RRCC and REDC support continued funding for programs which help Vermont businesses employ Vermonters in expanding roles in an environment in which more highly developed skills are required.
- VI. Permitting (Page 8)** – The permitting process for development continues to be an unpredictable burden on individuals and businesses wishing to invest in Vermont. RRCC and REDC endorse amending the permit process so as to be objective, quantifiable, predictable and timely.
- VII. Telecommunications (Page 9)** – Affordable, high speed telecommunications service is essential to meet the needs of Vermont's businesses, schools, residents and travelers. RRCC and REDC support the e-state initiative which proposes wireless communications statewide by the end of 2010. We further support the removal of barriers inhibiting the accomplishment of this initiative and barriers to competition among providers.

- VIII. Transportation (Page 10)** – The regional economy depends on the ability of both passengers and freight to move freely into, out of, and through the region using all methods of transportation. Creative methods of funding transportation projects must be developed and implemented to insure that roads and bridges are economically maintained, that public transportation is adequately funded, that the Rutland Railyard relocation project and other necessary rail improvements are supported, that currently planned highway projects are constructed, and that the Rutland Southern Vermont Regional Airport improvements continue.
- IX. Tourism Marketing (Page 12)** – Vermont and Rutland County rely heavily on travel and tourism to support the economy. RRCC and REDC advocate increased funding for the Vermont Department of Tourism & Marketing. We advocate for a comprehensive cross-marketing program to promote economic development with tourism.
- X. Employment Practices and Workers' Compensation (Page 12)** – RRCC and REDC support changes to our workers' compensation programs which fairly holds the employer and the employee accountable for safety in the workplace and for responsibility for the consequences when accidents happen. Such a system would be easily understood by employers and employees, would result in costs which are within national benchmarks, and would reduce the bureaucracy within the system.
- XI. Housing (Page 14)** – An adequate supply of housing at all price levels is necessary both for quality of life and economic development. Appropriate housing is an essential prerequisite to job creation and workforce development.

I. TAX POLICY/FISCAL 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 technology, fewer jobs, higher social service costs and lower tax receipts.

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

- a. Do not replace the property tax with income tax.
- b. State government must become more efficient in the management and delivery of services.
- c. State government should not compete with the private sector, but should seek products and services available from the private sector where efficiency can be gained.
- d. Stop the practice of diverting "dedicated funds" (i.e. transportation and education) from their original purpose. Do not use cost shifting and fund transfers to "balance" the budget.
- e. Use revenue surpluses to reduce debt, increase the contingency fund, or cut tax rates and discontinue the current practice of using waterfall spending in the budget process.
- f. Maintain or increase funding in areas that generate revenue and stimulate employment.

II. 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 coverage adds to costs and reduces 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, **we support the following policies:**

- a. All government programs should pay the full cost of health care services they purchase.
- b. Enact reforms to encourage additional private insurers to offer competitive coverage options to Vermonters.
- c. Oppose any expansion of government health care programs.
- d. Adopt Tort Reform which will reduce the unnecessary practice of defensive medicine.
- e. Allow for incentives to encourage Vermonters to adopt a healthy lifestyle.

III. ENERGY

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

Vermont based utilities are critical to securing competitive power supply resources on customer' 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, **we advocate the following:**

- a. Oppose policies likely to jeopardize the long-term viability of Vermont based utilities and/or impair their credit worthiness.
- b. Oppose regulatory action to increase the budget and corresponding fees charged for the Energy Efficiency Utility.
- c. Oppose any expansion of net metering, except at wholesale rates.
- d. Advocate collaboration between ANR/DPS on permit review of generation projects.
- e. Propose allowing wholesale/retail competitive access to power.
- f. Support transmission service upgrades to ensure and enhance reliability, including the VELCO Northwest Reliability Project and proposed upgrades to the Southern Loop.
- g. Support incentives for cost-effective clean, renewable energy.
- h. Relicensing of Vermont Yankee effective 2012. Providing it meets regulatory compliance.
- i. New contract with Hydro-Quebec effective 2016.
- j. Implement the findings of a recent study by the Essex Partnership which recommends:
 - i. Construction of several medium sized base load power plants that will address costs, transmission constraints and energy needs.
 - ii. Renewable resources play an important role with Vermont's supply gap.
- k. Development of new electrical generation projects within the state will create jobs, improve the farm economy, and increase the tax base
- l. 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 sources remains vital to the regional and state economy:

- m. We support policies to foster development of adequate propane and fuel oil systems to ensure adequate storage and delivery capabilities.
- n. Develop resources to expand the availability of natural gas.

IV. EDUCATION AND EDUCATION FUNDING

Public Education

Public education should provide students with the knowledge and skills needed to fulfill the basic responsibilities of an adult in our community and the world at large. It should also provide a solid foundation for life long learning and the adaptability to be successful in the evolving and ever changing workplace of the future. At the same time, our student enrollments are declining, a trend that will continue for the foreseeable future. With the current demographic trends in mind, we urge the legislature to take steps for system wide changes that will result in savings to Vermont taxpayers without compromising the quality of educational experience for students.

Specifically we recommend the following:

- a. Consolidate supervisory unions from the current level of 64 to a much lower number.
- b. Shift resources away from administration and toward the classroom.
- c. Reduce per pupil spending, which is currently as much as 35% above national levels, to the national benchmark.
- d. Pursue cost containment measures including employee contributions to health care costs.
- e. Increasing student/teacher ratios to maximize levels within generally accepted parameters.
- f. Ensure appropriate vocational and career planning for all students, including those at risk or with disabilities.
- g. Include, as an element of the core curriculum, fiscal literacy in personal, business, and government economics.
- h. Encourage a uniform set of statewide accounting standards to produce a consistent set of financial reports for comparison purposes.

Technical Education

The Legislature has taken effective steps forward with the implementation of Act 46. Collaboration between the Department of Labor, local Workforce Investment Boards and technical centers has been strengthened. Technical center directors across the state support the continuation of this funding, which is helping to create training and retraining infrastructure for local business and industry.

In addition, **we support** the following statewide requests for support of technical education:

- i. Create a formula that will result in regular funding for technical education equipment at a state-wide level of \$500,000.
- j. Continue support of program innovation money at the \$300,000 level.
- k. Fund adult education coordinators salaries at the 50% level outlined in statute with the remainder being funded by the Department of Labor.
- l. Maintain the six-semester tuition payment structure that is currently in place.

Education Funding and Quality Accountability

In the current economic climate, controlling and reducing the cost of Vermont public education is a must. The major cost factor is in personnel. The vast majority of the statewide education cost is in salaries, benefits, and employment taxes. A major way to contain and reduce education costs is through consolidation.

With the advent of the computer age and related technology, there is absolutely no need for the current number of superintendents and supervisory unions. Classes and or schools should be consolidated. A statewide teachers' contract should be required.

Quality products and services in the business world is a function of competition. The legislature should review all options which will encourage an educational drive for excellence, including merit pay and performance increases for faculty, school choice and a voucher system.

V. WORKFORCE DEVELOPMENT

2009 is without a doubt a year of difficult financial challenges for Vermont and for Vermonters. When Act 46 was passed in 2007, it began a process of solid investment in our workforce and it recognized the positive link between having a skilled workforce and its impact on economic development for the state. In this difficult economy, it is vital that we continue to invest in the development of skills for our workforce by providing financial support to employers for continued training.

We specifically support the following policy recommendations:

- a. Sustain funding at current levels for successful workforce tools, including the Workforce Education Training Fund (WETF) and Vermont Training Program (VTP), both of which are flexible enough to meet the need for rapid response in support of innovative local programs.
- b. Continue to evolve the systems changes and accountability of Vermont's system of workforce development under the leadership of the Commissioner of Labor.
- c. Sustain and expand the State Apprenticeship Program – an essential resource for development of the skilled trades.
- d. Sustain employment services that specialize in linking untapped labor pools with suitable employers.
- e. Consider new strategies to facilitate the recruitment and retention of mature Vermonters such as policies that provide incentives for mature workers to become/remain employed and/or policies that remove barriers to continued employment.

VI. PERMITTING

The permitting process for new development continues to be an unpredictable burden on individuals and businesses wishing to invest in Vermont. It unfairly increases the cost of development, reduces employment opportunities, contributes to the decline of the region's population, decreases profitability, increases the cost of government and reduces the potential for new revenues.

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

Agency of Natural Resources

Despite having a significantly higher ratio of employees per population than neighboring states the ANR lacks the managerial strengths to effectively administer its programs.

We propose the following:

- a. 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.
- b. All rules and general permits offered by the Agency(s) should be subject to the APA process.
- c. 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, without internal conflict, are not subject to interpretation, and that all agency personnel will interpret these rules identically."
- d. Permit specialists from the Agency of Natural Resources and the Act 250 district offices should function as a facilitator on behalf of the applicant or permittee.
- e. RRCC and REDC should be an invited participating member in the legislative effort to reorganize the Agency.
- f. To advocate for a change in the permit regulations regarding waste water disposal to allow for privately owned waste treatment systems that discharge at the surface.

Act 250 Permit Reform:

We advocate the following changes as a means to expedite the process without compromising environmental protection:

- g. Revise the rules to make all state and local permits and decisions dispositive.
- h. Revise the rules to instruct the District Environmental Commissions to rule only on the evidence presented by both the applicant and opponent and rule on the evidence presented.
- i. Eliminate Act 250 jurisdiction in all municipalities that have duly adopted planning and zoning.
- j. Revise the statute to make the rules of evidence based on "clear and convincing," not "a preponderance of" the evidence.

- k. 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).
- l. Consider the recommendations of the Smart Growth Committee when they are completed.

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:

- m. Train local officials undertaking development review, to ensure consistency and fairness in the implementation of local regulations.
- n. 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.
- o. 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.

VII. 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.

We endorse the following:

- a. Enact policies to increase availability of modern mobile wireless telecommunications services to all areas of the state.
- b. Remove barriers to the appropriate location of cellular towers.
- c. Encourage the availability of affordable, technologically advanced, high quality, reliable, broadband service to every home and business in Vermont.
- d. Support increased competition among telecommunications service providers.
- e. Apply telecommunications technology to support and improve governmental services, enhance public safety and provide opportunities for improved delivery of health care and education across the state.

VIII. TRANSPORTATION

Rail

Rail transportation is a vital resource for businesses and individuals in many parts of the state. Additionally, increased use of freight shipments by rail can remove truck traffic from our highways and decrease the maintenance requirements for roads and bridges. 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, **we support:**

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

We support the following actions during the 2009 session:

- c. Continued funding for Amtrak daily passenger rail service in Vermont.
- d. Need to consider alternative financing mechanisms that will encourage the participation of the private sector, reduce the time required to design and implement projects.
- e. Approve all funding requests emanating from this collaboration.
- f. Approve funding for the engineering phase of the Railyard project.
- g. 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:

- h. Give priority to major corridors accessing Rutland County.
- i. Proceed to construction on currently planned projects to improve U.S. Routes 7 and 4 corridors.
- j. Approve matching funds as necessary to secure all designated federal transportation dollars available to Vermont.
- k. Target funding for local bridge projects with high priority and urgency given to Ripley and Dorr Drive Bridges in Rutland City.
- l. Local Roads are still the lifeblood of individual and business transportation in Vermont. Our town highway system is failing and falling into disrepair to a point where it no longer meets the needs of businesses and the traveling public. RRCC and REDC support the discontinuance of JTOC Funding being directed away from the construction and repair of highway 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. We are committed to working with local and state officials to ensure that the continued growth of the Rutland Southern Vermont Regional 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:

- m. Extend the primary runway (1-19 5,000) to 6,000 feet; essential for air traffic growth.
- n. Complete the Medium Intensity Approach Light (MALSR) System.
- o. Install the Instrument Landing System (ILS) to ensure landing at Rutland Southern Vermont Regional Airport in all conditions.
- p. 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).
- q. Acquire property as necessary for facilities expansion and hangar development (needed to make the airport self sustaining). A fund should be created to purchase land when it becomes available at all state airports.
- r. Explore management and staffing alternatives for the Rutland Southern Vermont Regional 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.

Public Transportation

Title 24 § 5082 declares that “Public transportation is an important matter of state concern, essential to the economic growth of the state and to the public health, safety and welfare of present and future generations of Vermonters.” As gasoline and other energy prices increase and our populace ages, there is a growing demand for public transportation services.

We propose the following:

- s. Maximize the cost benefit of regional public transit service both financially and administratively.
- t. Advocate for maintaining our existing public transportation system.

IX. TOURISM MARKETING

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

Each year, visitors make 13.4 million person trips to Vermont for leisure, business or personal travel. Visitors spend \$1.57 billion annually, support 36,250 jobs, and contribute \$196.4 million in tax and fee revenues to the General, Education, and Transportation Funds. The average overnight visitor to Vermont spends \$177.37 per person trip. The average day visitor spends \$66.06 per person trip. Vermont is only investing 3.3 cents per visit. (*source: A Benchmark Study of the Economic Impact of Visitor Expenditures on the Vermont Economy – 2005. Prepared by Economic & Policy Resources and published by the Vermont Department of Tourism & Marketing November 2006.*)

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:

- a. The administration and the legislature should increase funding for the Vermont Department of Tourism and Marketing (VDTM). The FY 08/09 budget recommended only \$4.1 million.
- b. The state should implement a comprehensive cross-marketing program to promote economic development with tourism under the direction of the Agency of Commerce & Community Development (ACCD).

X. EMPLOYMENT PRACTICES AND WORKERS' COMPENSATION

Employment Practices

We 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:

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

Workers' Compensation

We 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.

We advocate the following:

- d. 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.
- e. The enactment of legislation providing co-workers with the legal immunities as extended to employers.
- f. The development of special training programs to demonstrate the benefits of workplace safety programs.
- g. The development of medical and safety standards as guidelines for all parties to adopt when applicable.
- h. 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.
- i. Study and report on statistics involving the number of accepted/disapproved denials (Form 2) and discontinuances (Form 27) and the number of interim orders mandated by the Department of Labor over a two year period.
- j. The enactment of laws that provide for an automatic stay of a decision of the Commissioner pending appeal to the Superior or Supreme Court. In the alternative we support legislative change that would allow for the recovery of or credit for monies paid pursuant to a final order of the Commissioner if such a finding is reversed upon appeal.
- k. Modifying the statute on permanent total disability benefits to be consistent with the death benefits statute so that a person who is deemed permanently totally disabled would be eligible to receive permanent total disability benefits for a minimum of 330 weeks and ongoing unless the employer can prove the inability to work is no longer because of the work injury, however entitlement shall cease when the claimant is entitled to benefits under the social security act as amended or thereafter at such time as the spouse is entitled to benefits under the social security act as amended; or death, whichever occurs first.

XI. HOUSING

An adequate supply of housing at all price levels is necessary both for quality of life and economic development. Appropriate housing is an essential prerequisite to job creation and workforce development.

We advocate the following policies to encourage providing a diversity of housing options in the region:

- a. Enact reforms to local and state permit processes and codes to remove unnecessary barriers to housing development.
- b. Waive Act 250 review for any mixed income or mixed use housing developments in designated downtowns, village centers, or new town centers.
- c. Enact, extend and expand incentives to improve and increase housing units, including growth center tax credits.
- d. Fully fund the allocation of the property transfer tax to the Housing and Conservation Trust as provided by statute.
- e. Consider tax credits for employer assisted housing.
- f. Ensure that the on-site septic program does not unduly inhibit the production of housing at all income levels. Allow PE's the authority to determine "best fix" options, including above ground discharge by privately owned systems.