

A Curious Holding Pattern
Rep. Cynthia Browning

The Vermont House has approved first quarter spending bills for Fiscal Year 2021 that fail to prepare for future revenue short falls, that increase education property tax rates, and that raise the pay of all state employees, including legislators. A plan for the rest of the Fiscal Year will be developed in August, when we will have better forecasts for tax revenues and Federal Funding.

The Education bill H.959 raises education property tax rates to cover the school spending that was approved in March, before the economy shut down. There will be a large deficit due to declines in sales tax revenue and rooms and meals tax revenue. The deficit will be covered by Federal Funds or state borrowing.

Education property tax rates should have been held fixed. Vermont businesses and families are struggling, and will have difficulty paying for the increase. And the Property Tax Adjustment Credit that many homeowners receive will be based on 2019 income, so no added assistance with property taxes will be available for those with sharp declines in income in 2020. The worst thing to do during a recession is to raise taxes, so I voted against this bill. In addition, I offered an amendment that would have required a renewed commitment to Education Finance Reform beginning in 2021, so that we could be sure that the Education Fund is being spent equitably and effectively, and only on actual education costs. Unfortunately, this amendment did not pass.

Rep. Kathleen James of Manchester voted for H.959 to raise education property tax rates and she voted against my amendment to renew a commitment to education finance reform.

The Capital Bill H.955 invests borrowed funds in state infrastructure projects. The bill should have set aside funding for unforeseen emergencies arising from the COVID19 situation. There should also have been immediate investments in improvements in telecommunications service. Many Vermonters have struggled to work and to study from home because of poor internet service. But we will be able to alter the allocations in this bill in August, so I supported it now.

In H.961 the General Fund continues the spending levels from last year for the first quarter of FY21. No effort has been made to begin cutting costs, so if new Federal Funds are not available in August, the cost cutting will need to be even deeper. Or we will need to borrow more. In addition, the bill increases compensation for all state employees by the same amounts proposed before the COVID19 emergency. This includes an increase in legislative pay. Another bill may likely alter these increases later, but we had to vote on the language of H.961 before us.

Because of the lack of any spending cuts and the presence of the pay increases I voted no on this bill. Reducing spending now would give us more flexibility later. State employees should not be getting pay increases when Vermonters are struggling.

Rep. James voted for H.961: she voted to raise compensation for all state employees, including legislators.

The Transportation Bill H.942 finances state highway operations and some municipal activities. Due to Federal and State funds on hand, Towns can expect little interruption in the financing for highways, although some project delays are possible. I voted for the bill.

These bills will all change as they move through the Senate to the Governor. I hope that they will evolve to eliminate tax increases and to include appropriate spending cuts. And then we will look to August, when we have better information, to set our course for the rest of FY21.