

## **A Review of the Veto Session**

Governor Phil Scott vetoed nine bills in the 2023 session, including the must-pass "Big Bill," the budget for Fiscal Year 2024, which started July 1, 2023. His veto letters cited objections about overspending and increased fees and taxes.

At the veto session on June 20, the Legislature overrode five of those vetos: the budget (H.494); the child care bill (H.217); the annual OPR (Office of Professional Regulation) bill (H.305); and charter-change bills for Brattleboro (H.386) and Burlington (H.509), which he opposed on policy grounds. Vermonters deserve an explanation.

Let's unpack the Governor's objections about overspending and increased fees and taxes.

First, "fees" are paid by users of specific services. "Taxes" are paid by everyone to support general government. Costs for professional licenses and automobile registration, for example, are "fees." Income taxes are "taxes." The budget passed by the Legislature includes some long-overdue fee increases to keep pace with inflation, but it does not raise general taxes.

As for "overspending," the Legislature's total budget is only about 2.2% higher than what the Governor recommended in January. I think the real issue is the Legislature's spending priorities differ from the Governor's.

A leading difference is how much to invest in child care. The Governor proposed an incremental increase in funding, but significant investment is needed to solve this chronic and economically crippling problem. Parents can't work if they can't find or can't afford child care. Businesses can't function without reliable employees.

Recognizing that such investment requires raising new revenue, the Legislature included a payroll tax in H.217: 0.11% for employees and 0.33% for employers. At an annual wage of \$50,000, for example, the cost to a worker is \$55 per year and to their employer it's \$115. No one likes a new tax, but I believe this is a case where it's warranted.

The Legislature's budget also rearranged spending in order to increase long-needed base support for nursing homes, primary care and dental practices, residential care homes, adult day providers, and the regional designated and specialized service agencies that provide life-saving mental health and developmental disability services to Vermonters. Many of these vital services have seen little or no increase in years. The Governor may consider this overspending but I would beg to differ.

I also disagree with his view on fee increases for OPR and DMV. User fees are supposed to support these services. But fees have not increased for several years, resulting in structural deficits. The Governor's budget recommended covering those deficits with transfers from the General Fund, but that just creates a bigger problem in future years as deficits build and fees lag further behind costs — which in my view is not fiscally prudent.

(A sixth veto the Legislature successfully overrode in May was S.5, the Affordable Heat Act. I have written extensively about it so I won't go into it here. See <https://www.campbellforvermont.com>.)

Governor Scott frequently invokes affordability as his key policy goal. I think it's fair to say he defines "affordability" as restraining the cost of government and otherwise not moving too fast to upset the status quo.

I would define "affordability" as long-term prosperity for all Vermonters. I think the key to attracting and retaining young working families (which the Governor also wants) is strategic investments in the infrastructure, worker supports, economic adaptation, and amenities that make people want to live, work and grow their businesses here.

What do I mean by strategic investments?

Infrastructure: housing (across the income spectrum); transportation (roads, transit, walkable towns); broadband internet.

Worker supports: livable wage; child care; benefits (such as paid family and medical leave, stalled this year but will try again next).

Economic adaptation: online retail; automation, robots, artificial intelligence; climate crisis and energy transition.

Amenities: health care (affordable, accessible); recreation (such as LVRT); arts and culture.

I doubt Governor Scott would argue against any of these. But I and a majority of my colleagues in the Legislature believe more action is needed than apparently the Governor is comfortable with.

With the veto-override votes this year, the majority party has made ourselves accountable for charting a more aggressive course. The minority can just say nay, and some members do. The majority, especially a "super" majority, is responsible for moving legislation and setting policy. None of us can see the future, but I can say that I and my colleagues believe fervently that the policies we are implementing will create the conditions for a better future for all Vermonters.