

PHILIP B. SCOTT
GOVERNOR



State of Vermont
OFFICE OF THE GOVERNOR

May 27, 2023

The Honorable BetsyAnn Wrask
Clerk of the Vermont House of Representatives
State House
Montpelier, VT 05633

Dear Ms. Wrask:

Pursuant to Chapter II, Section 11 of the Vermont Constitution, I'm returning H.494– *An act relating to making appropriations for the support of government*, without my signature because of my objections described herein:

In my address to the Legislature in January, I reported that with organic revenue growth we could achieve our shared goals. My budget leveraged a historic \$390 million in surplus revenue to fund our shared priorities like childcare, voluntary paid family and medical leave, housing, climate change mitigation, and more – all without raising taxes or fees.

This approach is critical because Vermonters have made it clear that living in our state is not affordable; and the data backs that up as we are ranked as having one of the highest tax burdens in the nation. Adding to this pressure, Vermonters continue to pay more for everyday essentials due to persistent inflation.

With all of this in mind, we cannot and should not ask Vermonters to shoulder the burden of new and higher taxes, fees and penalties.

And yet, across this budget and other bills, the Legislature's tax, fee and spending decisions this session may add an average of nearly \$1,200 to a household's burden each year – on top of higher property tax bills and inflation, which have already consumed the increase in most people's paychecks.

Specifically, this budget unnecessarily increases DMV fees by 20 percent and is reliant on a new and regressive, payroll tax in H.217. The DMV fee increase will once again place Vermont in the unenviable position of being the most expensive state in the northeast to maintain a driver's license and register a vehicle. The combination of this with so many other increases will hurt everyday Vermonters now and into the future.

I'm also concerned the substantial increase in ongoing base spending, that Vermonters must bear into the future, is not sustainable. This increase – more than twice the rate of current inflation – is especially concerning because it does not include the full cost of the new programs created this year that rely on new tax revenue or will otherwise add to Vermonters' costs, including the childcare expansion, universal school meals, the clean heat standard and more.

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Here's the bottom line: I cannot support a budget that relies on new and regressive taxes and fees, combined with the overall increase in base spending that is far beyond our ability to sustain, especially because there is a way to achieve our shared policy goals without them. The risk to Vermonters is too great.

Vermonters have elected and reelected me, in part, to provide balance and fiscal responsibility in Montpelier and I will follow through on that mandate. I strongly urge the Legislature to work with me on a path forward that accomplishes our shared goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip B. Scott", with a long horizontal line extending to the right from the end of the signature.

Philip B. Scott
Governor

PBS/kp