

Commissioner Kleppner: Questions I had on reviewing the public feedback

1. Perhaps due to COVID we should revise the timeline? I'm thinking that maybe we lay it out over the next four biennia: make the recommendation for this biennium simply to create that Education Tax Advisory Committee, create the Tax Incidence Study, restructure the tax/benefits & transfers/income system for low- and middle-income Vermonters to eliminate the benefits trough and ensure that our recommendations do not increase the burden on low-income Vermonters, and RENTERS GRAND LIST ISSUE. That's a lot of important, foundational work. Then we just shift all our other recommendations back a biennium: funding in the second biennium, consumption in the third, income in the fourth.
2. Addressing childcare more explicitly. After reading the public comments, it feels as though there's widespread recognition that childcare is an important issue, and I think addressing from our point of view might be helpful. My sense is that lack of quality, affordable, accessible childcare/early childhood education is affecting the state's revenue stream and spending in a several ways:
  - a. People who don't have good childcare can't go to work, so the state is forgoing their income tax.
  - b. People who don't have good childcare can't go to school, which reduces their future earnings and reduces the income tax the state receives.
  - c. Good childcare is essential if we want to become the remote working capital of the world, as people who are working remotely often work at home, and therefore need good childcare so they can work during the day at home.
  - d. My understanding is that good childcare has been clearly shown to lead to better educational outcomes for the child and therefore higher earning potential as an adult, so improving childcare now leads to greater income tax revenue in 20 years.
  - e. On the spending side, good childcare reduces the costs of criminal justice 15 years from now.

This is in addition to all the human benefits:

- f. The child has improved quality of life for a lifetime.
- g. The parents can pursue their goals of school and work.
- h. Benefits to both parents and kids of having parents who are less exhausted and stressed.

I think we can address all that in a paragraph or two, perhaps in a brief section in which we acknowledge issues that are outside, but related to, our assignment? And perhaps that's also the right place to address the next point:

3. Addressing Rep Browning's suggestion that we make more explicit recommendations about what's in the Ed fund ("although the TSC mentions the issue of which costs should be covered by the Education Fund and which should not, it passes this topic on to some possible future advisory commission rather than applying the words of the statute literally. It seems to me that this issue should be central to education finance – not just which taxes to use, but also what is to be financed" and "the failure of the TSC to draw the obvious conclusions from the statutory language of Act 60 strikes me as both an intellectual failure and a failure of nerve.") Does this need to be addressed more deeply than we do on p55 "What the Education Fund Should Pay For" ?

4. Should we address the opportunity raised by the Lake Champlain Chamber about the SALT work-around, beyond what Steve did on p104?
5. Add a few words to our discussion of moving health costs out of the Ed Fund to mention the fact that although we're all used to it, if you take a step back, basing access to health care on employment is strange and incoherent – we don't pay for employees' car insurance or home insurance, so why do we pay for health insurance? Health insurance for teachers is not an inherent part of the cost of education, the way a teacher's salary is. Rather, it's an odd, unintended consequence of price & wage control decisions made many, many decades ago in Washington, DC. The rapid growth in health care costs and special education costs make it seem as if education costs are going up much faster than the actual growth rate of the education part of education costs.
6. I have briefly acknowledged the issue of the loss of gasoline tax paid by out-of-state visitors as they transition to electric vehicles, which will not be made up by adding an annual registration fee on Vermont electric vehicles (p15)
7. Regarding the issue raised by the realtors: if we extend the sales tax to real estate services, will we be double taxing any transactions that are also subject to the property transfer tax?