

Ethan Allen Institute

Newsletter – September 2021 (Printer Edition)

Top Story: Redistricting for 2022 Moves into High Gear. *Your Input Wanted!*

Final Census numbers are in, and Vermont's Legislative Apportionment Board (LAB) can start the process of redrawing Vermont's house and senate district lines in advance of the 2022 November elections. (Full disclosure, EAI president Rob Roper serves as one of the LAB's seven members.) These new district lines will be in place for the next decade.

The big issues facing the LAB are how to deal with a shift in population to the northwest portion of the state, and the question over single vs. multi-member districts. While most people say they prefer single member districts (everybody gets one representative and one senator), the status quo in Vermont has one, two, and three member senate districts and one or two member house districts. The totally ridiculous six member Chittenden County senate district has been ordered by law to be broken up. That's a start!

Though multimember districts have an unpopular history of both racial and partisan gerrymandering, and, in Vermont where the mix creates obvious inequities in representation, without a public outcry for single member districts the status quo is likely to prevail. The incumbents, after all, have the final say.

To that end, please take a couple of minutes to fill out the LAB's citizen survey on redistricting preferences and guidelines. Your input is critical to this process.

You can find the link to the LAB survey **HERE**:

<https://www.surveymonkey.com/r/ZSJ5HSK>

Jefferson Day with Amity Shlaes Tickets Going Fast!

The Ethan Allen Institute is excited to announce that Amity Shlaes will speak on "Jefferson and Coolidge" at our 28th annual Jefferson Day Celebration on Saturday evening, October 2 at the President Calvin Coolidge State Historic Site in Plymouth Notch, Vermont.

Amity Shlaes is chairwoman of the Calvin Coolidge Memorial Foundation. She is a renowned historian and columnist who has authored several New York Times bestsellers, including her 2005 biography Coolidge.

Amity, a magna cum laude graduate of Yale, writes a syndicated column for Forbes and serves as Presidential Scholar at King's College in New York City. Her work has been published in The New Yorker, Fortune, National Review, The New Republic, and Foreign Affairs. She has won both the Hayek (2009) and the Bastiat Prize for Journalism (2002).

The social hour with hors d'oeuvres buffet will begin at 5:00 in the Coolidge Center building at Plymouth Notch, followed at 6:00 by Amity's talk in the old church meeting hall across the street. Guests may wish to come an hour early to explore the Center's exhibits and purchase a copy of Amity's biography *Coolidge* and/or Calvin Coolidge's autobiography.

Reservations: The ticket price is \$50 (all proceeds to the Coolidge Foundation). Tickets can be purchased: online at ethanallen.org, or you can reserve tickets by emailing john@ethanallen.org to hold your place and mail a check to EAI (4836 Kirby Mountain Rd., Concord VT 05824)

The buffet capacity of the Great Room is (unfortunately) only fifty. SPACE IS LIMITED. Reserve your tickets now!

[Click here to purchase tickets.](#)

Help us get our message out to more Vermonters!

[CLICK HERE TO CONTRIBUTE ONLINE](#)

Or send checks to:
Ethan Allen Institute
P.O. Box 543
Montpelier, VT 05601

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Commentary: Vermont's Fourth Branch of Government

By *John McClaughry*

The Public Utility Commission, chaired by a noted climate warrior, makes up its own criterion – “societal benefit” – and may soon use that magical incantation to defeat citizen groups whose aesthetic objections would otherwise defeat a Big Solar project. Who voted for that?

A current case before the Public Utility Commission (PUC) may illustrate how that regulatory board has become an unaccountable fourth branch of government, dedicated to accelerating the current preoccupation with defeating the Menace of Climate Change.

The case in point is a developer's application to install a 500kw solar farm on Richville Road in Manchester. As an energy generation project, it falls under the jurisdiction of the PUC. What follows is the necessarily oversimplified account involving the “aesthetics” criterion that the project must meet to comply with what's called the Quechee Test.

(The following analysis leans heavily on the excellent 2021 Midyear Report by Annette Smith of Vermonters for a Clean Environment, which is assisting neighbors objecting to the Richville Road Solar Project. I take no position on the overall merits of that Project.)

The legislature, in 1970, enacted Act 250. But it also provided for a carveout from Act 250 review for projects under the jurisdiction of the Public Service Board (renamed

the PUC in 2017). The PSB borrowed from Act 250's Criterion 8 ("no undue adverse effect on aesthetics").

This became known as the Quechee Test. The first part inquires whether the project has an adverse effect on aesthetics and natural or scenic beauty. The second part inquires whether any such effect is "undue". Sometime before 2002 the PSB, on its own, thought up a new and quite expansive third part to the Quechee Test: whether the project delivered "overall societal benefits" that could outweigh undue adverse effects on aesthetics. Whoa! Where did the PUC find that authority?

In a wind case titled *In re Halnon* in 2002, the Supreme Court set forth the proper Quechee Test – the first two parts, but not the PSB's assumed third "Societal Benefits" part. Only eight days after the Court's Halnon decision, the PSB professed the exact opposite. It claimed the power to overcome any undue adverse aesthetic impact with a single bold sentence declaring that its rulings on aesthetics would be "significantly informed by the overall societal benefits of the project."

When asked by the (Douglas) Department of Public Service in 2003 to remove its "societal benefits" addition, the PSB stubbornly refused. In 2014 the legislature directed the PSB to follow the Supreme Court's statement of the two-part Quechee Test for net-metering projects larger than 150kw. The PSB's rewrite of its rules incorporated verbatim the Halnon court's statement of the (two-part) Quechee Test. But the (now) PUC has never retreated from its position that it can approve an application for a renewable energy project by relying upon its invented "societal benefits" criterion to overcome opponents' "undue adverse effects" aesthetic objections that would otherwise defeat the application under the Supreme Court's definitive statement of the two-part Quechee aesthetic test.

Last January the PUC, chaired by longtime climate change warrior Anthony Roisman, opined in a legislatively-mandated report that a "robust" carbon tax on heating oil, kerosene and propane is sorely needed "to benefit the users of these fuels." That urging followed his announcement two years earlier that Vermont was facing a "Pearl Harbor moment" requiring a "wartime effort" to cope with the growing Menace of Climate Change.

Roisman's PUC seems likely to use the PUC-created and (arguably) extralegal "societal benefits" criterion to approve Big Wind and Big Solar projects that would otherwise flunk the Supreme Court's aesthetics test. That would defeat the representations of citizen groups opposed to (arguably) environmentally defective projects, spurn the clear mandate of the Supreme Court, and greenlight the renewable-industrial complex that is waxing fat on subsidized wind and solar.

Only skilled lawyers can penetrate the workings of the PUC. The utilities and the renewable energy developers have hired those skilled lawyers to persuade a receptive PUC to make use of its undefined "societal benefits" criterion - such as "defeating climate change" - to approve their applications.

That's why the Richville Road Solar developer, in a brief to the PUC, threw in this revealing Roisman-appealing though false argument: "Under Rule 5.112 the Commission conducts an aesthetic review as articulated in Halnon, which includes policy considerations such as societal benefits. The Project, as with other solar net metered projects, will result in societal benefits by utilizing a renewable energy resource that will assist in the reduction of greenhouse gases which in turn will address climate change impacts."

The PUC's decision in the Richvile Road application is pending. Will the PUC override the recommendation of its hearing officer by invoking "societal benefits" to rush through ever more renewable energy projects, that Roisman believes are so desperately needed to save the Earth from a "Pearl Harbor" climate catastrophe?

"Societal Benefits" - the PUC's magical incantation! Who, again, ever voted for that?

- John McClaughry is vice president of the Ethan Allen Institute

https://www.ethanallen.org/commentary_vermont_s_fourth_branch_of_government

Commentary: State Spending is Out of Control, Taxes to Follow

By Rob Roper

Steve Klein, Chief Fiscal Officer for the legislature's Joint Fiscal Office, recently made a presentation to the Pension Reform Task Force. The Task Force is charged with coming up with a plan to fix the state's public pension crisis, the result of decades of underfunding and financial mismanagement that has led to a \$6 billion and rapidly growing unfunded liability. Currently, just keeping the state pension system afloat consumes over 12% of all General Fund state spending and fixing the system will take even more money. So, the Task Force asked Klein where such a pot of cash might be found. The resulting slide show was not encouraging.

Vermont is already one of the highest taxed states in the nation, with very high property taxes and marginal income tax rates. Over the past two years, the overall growth in state spending from FY19 to FY22 climbed from just under \$6 billion annually (\$5,958.0) to \$7.36 billion in 2021 with a slight decline to \$7.175 billion in FY22. That's a whopping increase of 24 percent. This is largely due to federal infusions of cash for Corona virus relief, but, as Klein warned, as this flood of outside money subsides there will be pressure to replace it with local revenue sources – higher taxes. It's politically easier to start housing the homeless in hotels, for example, than it is to kick them out.

The stark reality is that our politicians in Vermont are already spending money well beyond our tax capacity. But the really scary thing is, they're not done. Not by a long shot. Klein finished his presentation with two solid pages of text outlining demands for funding major new or vastly expanded existing programs, including in no particular order (but not limited to!):

- \$100-200 million for Global Warming Solutions Act projects (which I personally think is a significant underestimate of what the Climate Council will call for if they are serious about meeting the greenhouse gas reduction goals in the law).
- \$12.5 to \$15 million annual increases in funding for state colleges.
- \$10 million (minimum) required for state building costs for the Courts.
- \$140 million for a new correctional facility.
- \$300 to \$600 million for school construction/maintenance.
- \$56 million for state IT upgrades (which Klein feels is a significant underestimate of the real need).

- An unspecified amount for broadband expansion beyond what's being provided by the federal government.
- \$2 billion over ten years for clean water obligations.
- \$350 million for brownfield clean up.
- \$15 million for maintenance of the Waterbury Dam.
- An unspecified amount for costs associated with a potential new per-pupil "weighting" proposal currently under debate.
- An unspecified amount for a proposed "Universal Meals" program for public school students.

This is all, of course, in addition to the Pension funding crisis, and Klein left off his list one of the biggest looming price tags Vermont taxpayers are facing, the bill passed this session embarking on an expansion of Pre-K for birth to 5-year-olds that will ultimately cost hundreds of millions of dollars annually. So, the not-so-subtle message to the Task Force's question of where do we find the funds to fix our problem was, "Good luck with that, and get in line!"

"Good luck with that," should also be expressed to the beleaguered Vermont taxpayer. It is us, after all, who will ultimately be forced to foot the bill for all of this. How? Calls to "tax the rich" are popular, but, as mentioned above, Vermont already has one of the highest marginal income tax rates in the nation, and the Biden Administration is poised to raise taxes on higher income earners at the federal level. How about higher property taxes to pay for pre-k expansion, teacher pensions, free meals and school construction? Just look at the sticker shock in Burlington today without those added costs. Higher gas taxes with fuel prices already up over 40% since January? Expand the sales tax to include essential goods and services? That was a recommendation by the Vermont Tax Commission, but how popular will it be to start taxing things like food, clothing, and childcare?

Ronald Reagan observed, "Government is like a baby. An alimentary canal with a big appetite at one end and no sense of responsibility at the other." Here in Vermont, the diaper is about to explode.

- Rob Roper is president of the Ethan Allen Institute.

Events

October 2. 5-7 pm, EAI's Jefferson Day Celebration at the President Calvin Coolidge State Historic Site (Plymouth Notch). See today's "Top Story" for details. Further questions about the event can be directed to John McClaughry, john@ethanallen.org. [Tickets \\$50](#), all proceeds to Coolidge Foundation.

News & Views

Violent Crime Rising In Vermont Amid Gun Control and Defund the Police Movements. “In a statement to Vermont media, Acting U.S. Attorney for Vermont Jonathan A. Ophardt has voiced deep concern over the increase in violent crime and the decrease in law enforcement capacity in the state. Instances of violent crime in Vermont have risen in the past decade, the top federal prosecutor said Friday. Between 2009 and 2019, violent crime in the state rose from 134.6 offenses per 100,000 people per year to 202.2 offenses per 100,000 people per year, [according to FBI data](#). But as concerned as Ophardt is about an increase in violent crime, he said even more disconcerting is the struggle to hire and retain officers at all levels of law enforcement in the state — from local police to state police to county sheriff’s departments.” [VT Digger, 8/8/21](#)

VT Religious Schools Are Attracting State Tuitioning Students. An estimated 10-15 school districts are involved, said Roman Catholic Diocese of Burlington School Superintendent Dr. Jeanne Gearon today. “I am in my initial days of gathering this information as the enrollment window for schools has continued throughout the summer. At this point I believe it will be around 20-25 students diocesan-wide from around 10-15 different towns,” she said in a response to a Vermont Daily Chronicle inquiry. ([Vermont Daily Chronicle, 8/26/21](#))

Rutland beats Burlington among “Best Run Cities.” The website Wallethub ranked 150 of America’s most popular cities. Rutland ranked #59, while Burlington ranked #96. Burlington actually ranked higher in ‘Quality of City Services,’ a conglomerate score of Financial Stability, Education, Health, Safety, Economy. Rutland’s Financial Stability (16 out of 150 cities) topped Burlington (95th). Rutland also topped Burlington by small margins in Education, Safety and Economy. Burlington’s #1 Health rating in the country was the decisive factor in placing it above Rutland. In constructing the overall ranking, Wallethub “divided the Quality of City Services score by (each city’s) “Total Budget per Capita.” ([Wallethub, 6/22/21](#)).

If Vermont is the 5th Best State for Having a Baby.... Wallethub created four components using 31 metrics. Vermont ranked 1st in the Healthcare component (40% of the composite score), 5th in “Family-Friendliness,” 25th in “Baby-Friendliness,” but 39th in Cost (each of the latter 3 sub-scores are 20% of the composite score). ([Wallethub, 8/9/21](#)). But, if Vermont is such a great place to have a baby, how come we have the lowest birth rate in the United States? ([World Population Review](#))

Chittenden County Population Gains Signal More Legislative Seats. “Chittenden County’s population grew 7.5% between 2010 and 2020, the most of any county in the state, according to newly released 2020 census data. The new numbers, the first local-level results of the 2020 decennial census collection, form the basis of Vermont House and Senate seats — signaling that Chittenden County could be in for more representation in the Vermont legislature. “There’s been virtually no growth in any part of the state outside of the Chittenden County area,” said Peter Nelson, professor of geography at Middlebury College. ([VTDigger, 8/12/21](#)).

Holman Jenkins on AR6: “The IPCC estimates a rise of 1.1 degrees Celsius in the past 150 years. This information, which it highlighted in bold print, led the IPCC in much finer print to lop 0.5 degree Celsius off its likely worst-case impact of a doubling of atmospheric carbon dioxide. In other words, real-world warming, the IPCC finally acknowledges, has been less than that expected from its climate models...Green subsidies as now designed will have no effect on emissions and therefore no effect on climate change.” (Columnist Jenkins is a strong advocate for a carbon tax, which EAI is not). (WSJ 8/16/21.)

Headline Worth Digesting: “The Electric Vehicle Welfare State: Car makers back the Biden climate agenda in return for subsidies and higher consumer prices.” Wall Street Journal editorial (8/6/21).

Climate Action Worsening Income Inequality? “Negotiations to ramp up EU climate action are set to take on an increasingly social dimension amid warnings that the plans risk worsening the bloc’s treatment of women and widening its rich-poor divide” ([Carbon Pulse, 8/11/21](#))

Other States Exceed Vermont in Energy Legislation. According to S&P, Vermont was one of 41 states which passed 5 or fewer pieces of energy related legislation. “During the 2020 legislative sessions, State lawmakers enacted more than 150 energy-related measures were enacted in the second quarter, adding to the 35 measures signed in the first quarter. This is a sharp increase from the 65 measures that were signed by the end of the 2020 calendar year and 120 measures enacted in 2019.” ([S&P Global Market Intelligence, 7/29/21](#))

A £107 million Carbon Credit Scam. In 2017, Michael Richards was sentenced to 10 years behind bars, after defrauding celebrities of £107 million (~\$140 million), and was ordered to pay back £11 million. Last month, Richards was unable to pay back the £11 million, resulting in another decade behind bars. The “fraudsters told investors their money would be spent on research and development into carbon credits. They assured their celebrity investors they would be eligible for tax relief.” Richards “attracted more than £65 million in subscribed cash to be invested in the 'green' scheme but only £16 million of this was spent on planting trees.” Richards used Britain's biggest ever tax fraud to buy a £2.7m house. ([Daily Mail, 8/19/21](#)). A warning to all the TCI advocates out there...

The Failure to Learn from Others’ Failures. "This is a scary time for our country. Democrats are drunk with power. They have adopted a new dingbat economic theory they call Modern Monetary Theory, which predicts that the government can borrow from now until kingdom come at ever-larger amounts and nothing bad will happen because we are the world reserve currency and foreigners are willing to lend us money at low-interest rates. Except history is replete with stories of great empires collapsing because of runaway debt and spending. The Modern Monetary Theory principles have been test-driven in more recent times by the Argentines, Venezuelans, Puerto Ricans, Bolivians, Zimbabweans and Greeks. There was no pot of gold at the end of that rainbow — just poverty, despair and bankruptcy." – Stephen Moore

Our Frightening Debt Trajectory: “U.S. debt is projected to climb over coming decades, driven in large part by rising costs associated with an aging population. But debt has soared since the start of the pandemic, as Congress authorized trillions of dollars in Covid-19 relief—from stimulus checks to small-business grants to aid to hospitals—to combat the virus and cushion the economy. Growth has rebounded this year, but U.S. debt-to-GDP is on track to hit 103% by the end of September, the CBO estimates, nearly as high as it was at the end of World War II. (WSJ 7/23/21)

Book of the Month: Underfunded

The Fourth Solution

By Donald Dempsey

BookBaby, 2019

256 pages.

<https://www.amazon.com/Underfunded-Fourth-Solution-Donald-Dempsey/dp/1543974244>

Underfunded by Dempsey is part mystery novel, part fiscal warning. While the plot takes place a couple thousand miles from Vermont, those paying attention to our own state pension crisis the past 12 months will be quick to notice parallels.

Katie Nilsson, a financial blogger in Chicago, has just returned to her childhood hometown of Lakeside following her grandfather’s death. Bryce Jakobsen, Katie’s childhood friend, who decided to remain in Lakeside, works as a police detective. As dead bodies start piling up, Katie accompanies Bryce on several of his crime scene investigations, several of which have connections to the two characters’ childhood.

Dempsey thickens the plot by introducing the new manager of the Lakeside municipal pension fund, Vincent Horton. Horton presents the dire situation to the residents of Lakeside at a public hearing, outlining the three standard options for fixing underfunded pensions: “cutting programs, raising taxes and selling property and using the money to bolster the pension fund” ... Shouts rise from various sections of the room. “What about taxes, are they going up?” Horton continued, “This is a very complicated issue, but I assure you, things are headed in the right direction.”

But there is another option, or *Underfunded*: The funding of pensions relies on the assumed age that pension covered individuals will die.

Horton, as the new manager of the pension fund, has motive. So does Randall Clark, a Lakeside real estate developer and an unlikeable bully who would prefer that taxes on his properties stay where they are.

Separate from the plot, the analysis of how pensions work and, in too many cases these days fail, is fascinating. Dempsey is careful not to lay the blame for the underfunded pension at the feet of any one individual. While I was anxious for several of the characters to get their “just desserts,” this had less to do with finding a mastermind who screwed everyone else, and more to do with the petty and often amusing antics involving the interactions between characters. This theme mirrors the frustration I feel with Vermont’s leaders, both past and present. The rotating members of the Vermont Pension Investment Committee who utterly failed to make sound investments with the

pension funds, the legislators from the 2000's who created the crisis by using the money for other programs, the legislators from the 2010's who let the fund's deficit grow. Finally, our current legislative leadership in 2021 who shepherded pleasant sounding pension reform that conveniently postponed meaningful fiscal action. Just as is the case in Lakeside, many of the people who created this situation in Vermont are long since retired or dead.

Dempsey invites us to walk alongside his characters as they attempt to solve two problems- how to catch the killer, and how to make Lakeside's pension fund fiscally solvent. As the events of the book play out, the perverse situation presents itself: if more people who will draw from the fund get killed off, the fund will become more solvent. Suddenly, the plot becomes less outlandish. The situation in Lakeside has parallels extending to hundreds of other small American towns. If the comfortable retirements for millions in small towns are placed in jeopardy, how far would some go to protect what they thought they were guaranteed?

Among the hundreds of white papers, research articles and op-eds discussing underfunded pensions in the past decade, *Underfunded* remains the only novel I know of which addresses underfunded pensions. Consequently, it stands the greatest chance of inviting everyday Americans into the conversation for fixing the system. Appropriately for a novel reaching a general audience, Dempsey doesn't recommend an alternative Fourth Solution. Due to the constraints of our past decisions, we will, eventually, have to pick between raising taxes and reducing government services. There is no silver bullet for making tough decisions in a democracy.

- Reviewed by David Flemming, policy analyst at the Ethan Allen Institute

The Final Word

September Survey: How Should Vermont Redraw Legislative District Lines?

This month's survey is not an EAI survey, but that of the Legislative Apportionment Board. Please take a few minutes to fill it out! This is very important.

CLICK HERE TO TAKE THE SURVEY:

<https://www.surveymonkey.com/r/ZSJ5HSK>

August Survey Results: Paying for Climate Change Policy

How much money per year would you be willing to pay through higher taxes or fees to support the programs/goals recommended by the Vermont Climate Council under the Global Warming Solutions Act?

- Sliding scale: \$0 to \$1000 (47 responses)