RUTLAND HERALD
Since 1794

May 10, 2012 - Unfair treatment makes business nervous - Commentary by John Goodrich

There is the perception among some state leaders that industry cares only about the "bottom line" and not about their communities. It simply isn't true. Weidmann Electrical Technology Inc. promotes an active policy of civic engagement. Many of our employers have responded eagerly to a company policy that encourages participation in local government, local fire and rescue squads, and civic organizations. Our employees know that just as they rely on the broader Northeast Kingdom community, so too can the Northeast Kingdom rely on them. We are all good neighbors. Above all, the company's senior management is gratified to be able to provide hundreds of stable, good-paying jobs, the real-life engines of the American dream for so many families. Good communities need good jobs.

As Vice President and General Manager of Weidman, a manufacturer and employer of 490 people in the USA and 280 in Vermont, I am appreciative of the Vermont Legislature's past responsiveness to our tax concerns. We have been the beneficiaries of tax credits and stabilized payment agreements. The employees of our company share in my gratification that our citizen lawmakers understand the need for businesses large and small to have fair, stable taxation. These actions demonstrate an appreciation for the employment, property tax, and "social capital" benefits that a manufacturing plant can offer a community. In its dealings with the State of Vermont, Weidmann has been treated with respect, appreciation, and attention to detail.

So it is with some trepidation that I note the Vermont Legislature's new tax policy for another large Vermont manufacturer, Vermont Yankee. In an apparent attempt to recoup the revenue loss upon the expiration of an agreement to fund renewable energy projects, the Legislature has approved a "generation tax" increase from $5 million to $12.5 million. In my experience as a manufacturing executive, I cannot recollect a state government seeking such a drastic increase on a large, job-creating manufacturer.

I see many parallels between Weidmann in the Northeast Kingdom and Vermont Yankee in Windham County. Both companies provide good-paying, socially-conscious employment in the midst of a challenged local economy. The long-term economic challenges of the Kingdom are well-known. Less well-known is the fact that Windham County faces similar challenges. According to a 2011 study by the International Brotherhood of Electrical Workers, the percentage of residents there living under the federal poverty line is higher than Vermont statewide. Average earnings are $5000 less per worker. Unemployment is almost 19 percent higher. One in five are "food insecure" and 43% are eligible for reduced-price school lunches. While the Public Service Board and others determine the long-term destiny of Vermont Yankee, it would be well for the Legislature to recognize the day-to-day value of this manufacturer to its community.

I am aware of the difficulties between Vermont Yankee and the State of Vermont. I am also aware of how easy it is for state government to impact the decision-makers of an industry. Several years ago our St. Johnsbury plant was on the "short list" for an expansion that would have added jobs. Due in large part to concerns about Vermont's regulatory and tax environment,

these jobs eventually went overseas, to Switzerland.

When it looks like a state is playing favorites, even the presumed “favorites” can get nervous. There is a hidden cost to a state’s willingness to practice less than fair, across-the-board taxation. The State of Vermont puts itself into the weak position of having to assure industry leaders, "trust us, we won’t treat *you* that way." It would be better for all concerned to avoid the temptation to inflict huge, unannounced tax increases on manufacturers.

John Goodrich is Vice President and General Manager for Weidman Electrical Technology, Inc.