

Ethan Allen Institute

Newsletter - December 2016 (Printer Edition)

Top Story: Please Renew Your Support for 2017!

Dear friend of EAI,

Back in 2014 EAI raised the coming specter of a first-in-the-nation carbon tax on Vermonters. Last December John McClaughry and I faced off with VPIRG in a well-publicized debate on the merits (dubious at best) of their proposed legislation. Today the Ethan Allen Institute can - we believe - rightly claim considerable credit for awakening Vermonters to the disastrous problems this foolish legislation would cause for our economy and our pocketbooks.

We can claim a short-term victory only because you, our members, gave us the resources to launch a modest but effective radio and social media campaign about the carbon tax in late September and October. As a result Vermonters ended 2016 fully aware of the true details of what such a policy would mean for Vermont.

Governor-Elect Phil Scott has repeatedly promised to veto any carbon tax legislation that reaches his desk, and many legislators were forced to actively denounce the carbon tax during their campaigns – more than enough to sustain a veto. That's certainly a positive development. However, VPIRG still has many allies in the legislature, including the new Lieutenant Governor. They remain well funded, highly motivated, and they aren't going away.

This battle is far from over. The multi-million-dollar, left-wing VPIRG Goliath and its twenty-member coalition Energy Independent Vermont still want their carbon tax, badly.

Our carbon tax awareness campaign demonstrated that when properly funded EAI can successfully drive a statewide agenda and bring an issue to the forefront of public debate by educating the public. Our goal in 2017 is to raise the funds necessary to engage the public constantly rather than just sporadically, and on multiple issues rather than just one.

Here's why it is important that we achieve our goal.... The carbon tax is down and bloody, but not out. The All Payer monopoly-managed healthcare system hangs in the balance. Our independent schools are under assault from a rogue State Board of Education, and the fate of Act 46 school district consolidation will be hotly debated. And, there is the ever-present threat of a multitude of tax increases.

The new governor faces an estimated \$50 to \$70 million General Fund budget deficit right off the bat. The pressure from the legislature and progressive activist groups to continue to raise taxes to fill the overspending hole will be tremendous. A news story today describes thirty potential tax and fee increases to pay for just lake clean up, including a fee on every piece of property in the state, a surcharge on the income or rooms and meals tax, an increase in the gas tax, and a sales tax applied to nail salons, of

all things!

EAI will continue to be the voice of individual liberty, limited government, and fiscal responsibility in Vermont - if you give us the resources to do it. Please be generous with your support of EAI in 2017.

Thank you for your support.



Robert Roper
President, Ethan Allen Institute

P.S. The Ethan Allen Institute is a 501c(3) nonprofit, educational organization. Contributions are TAX DEDUCTIBLE. If you are 70 ½ or older, you can direct your IRA to make a tax free donation directly to the Ethan Allen Institute to help us do battle for limited government, lower taxes, and greater liberty. Call us to learn how to have your Custodian make the donation.(before December 31). Thank you for your support.

Opportunity: If you are 70 ½ or older, you can direct your IRA to make a tax free donation directly to the Ethan Allen Institute to help us do battle for limited government, lower taxes, and greater liberty.

Commentary: Obamacare's Day of Reckoning

By John McClaughry

It now seems increasingly likely that most of President Obama's signature achievement, ObamaCare, will end up on the scrap heap by the end of 2017, if not sooner.

Obama and his Democratic Congress rammed the Affordable Care Act through in 2010, without recognizing the likely consequences. In the ensuing five years, Obama has made numerous unilateral changes to the act to keep it from falling apart. Now President Trump can insist that the act be implemented exactly as written by the Democratic Congress and signed with great fanfare by Obama. That will be a death sentence.

In 2010 the for-profit health insurance industry agreed to support ObamaCare if Obama would abandon the progressive component, a government-owned "public option" company that would be able to undercut the premium rates of its (Federally regulated) competitors.

In addition, Obama also gave the industry a provision called "cost sharing reduction". This was a Federal government promise to inject billions of dollars to reduce the cost of "Silver" benefit plans for lower-income Exchange purchasers.

But Congress didn't appropriate any money for this purpose. So Obama snatched billions of dollars out of the tax credit refund program to make the payments. But that's illegal, as a Federal District Court has already ruled (it's on appeal).

If it's illegal, the Trump administration can simply stop paying. Then at least

some insurance companies, facing an exodus of Exchange customers who can no longer afford Silver plans, will take advantage of another provision of the law to exit the program altogether.

And there's more. The ObamaCare "risk corridor" program assessed most insurance companies to create a fund to bail out the ones that lost money by low-balling their premiums for unfamiliar customers under the new ObamaCare rules. The law requires that the first \$5 billion of these assessments must be paid over to the Treasury. Obama plans to divert the statutory \$5 billion Treasury payment into more bailout dollars for the companies. The Government Accountability Office declared that that diversion is illegal.

Alternatively, Obama is now planning to take the needed money out of the Judgment Fund. This is a long-standing Treasury fund available to settle monetary judgments against the government. Obama's intention is to settle the claims of the insurance companies that have sued, and presumably the others as well, and submit the settlement to court approval. This would avoid an unfavorable court ruling. It would also be another covert multibillion-dollar bailout to keep the insurance companies from jumping ship.

Trump doesn't have to defy the Obama's Affordable Care Act, or have Congress repeal it, to close out Obamacare and its recurring insurance industry bailouts. All he has to do is carry out the law as Obama and the Democratic Congress actually enacted it, and ObamaCare will then collapse. That would be a calamity for millions of Americans who could find themselves without health insurance.

The Republican Congress has vowed to prevent that calamity by passing a "smooth transition" act to put a new health care program in place. Trump has already said that "repeal" won't end ObamaCare-mandated family coverage for children up to age 26, or the mandate that pre-existing conditions be covered at no extra charge.

Beyond that, Congress is likely to convert the Exchange premium tax credits to individual tax credits, repeal the tax penalty on those who fail to buy government-specified coverage (now \$695 per adult), repeal the employer mandate, repeal the guaranteed issue and community rating mandates, liberalize access to Health Savings

Accounts, and partially fund state high-risk pools to cover the uninsurable. That's not a complete program, of course, and there are problems with keeping the pre-existing condition provision that will require a creative solution.

What will this mean for Vermont? It's too soon to say, since it depends on what replacement plan Congress and the President put into place. BlueCross/Blue Shield of Vermont, which insures over 90% of the individual and small group customers on Vermont Health Connect, has nowhere to go, and has become a "too big to fail" ward of the state. Medicaid, now covering over 184,000 Vermonters, will budget-wise remain "the monster that ate State Street".

The future of Gov. Shumlin's "All Payer" agreement with the Obama administration now depends on Gov. Phil Scott's views on whether patient care and affordability will be improved by turning almost all health care in Vermont over to a statewide managed care monopoly called OneCare Vermont, whose care decisions will be controlled by a state-dictated global budget.

Vermont legislators, despite the chronic yearning of many for a single payer plan, should begin now to devise a new consumer-directed health care policy, built upon patient choice, price and outcome transparency, more legal protections for providers, and personal responsibility – instead of more government mandates, a medical provider

monopoly, and ever-accumulating bureaucratic control.

- *John McClaughry is the founder and vice president of the Ethan Allen Institute*

Commentary: Phil Scott's Challenge

By Rob Roper

What happens when an irresistible force meets an unmovable object? Vermonters will find out in January when the new Republican governor officially takes office along with a legislature that has, if anything, moved a little to the left.

During the campaign, governor-elect Scott, often accused by his critics of being non-committal and unspecific, was actually quite stalwart and crystal clear on a number of key issues: he will veto a carbon tax, wants a moratorium on large-scale wind energy development, believes Vermont's gun laws are fine the way they are, and will not support a budget that spends at a rate greater than the previous year's level of economic growth. Compared to the direction the majority in the legislature has doggedly pursued for the past decade, this is the opposite.

Scott, winning by a whopping nine points over Democrat Sue Minter in a near-record turnout election, can claim a mandate for his positions. Democrats, who picked up a couple of seats in the senate, the Lieutenant Governorship, and with a new Progressive/Democrat Senate President Pro Tem may see things differently. So the big question is, who's going to blink?

On the carbon tax, Scott has the upper hand. The campaign illustrated just how unpopular the concept is with Vermonters. Minter tried to distance herself from the tax, but refused to totally renounce the idea as Scott did (no doubt hoping to avoid offending major donors to her campaign and her party). This straddle maneuver failed miserably, and Scott punished Minter relentlessly on the issue for months. Voters responded.

Sending a similar message, of the three incumbent Democrats who lost seats (as of this writing the Buxton/Ainsworth recount is still up in the air) two were sponsors of carbon tax legislation in the last session, Representatives Steve Berry of Manchester and Patsy French of Randolph. French had held her seat since 2003 and, until sponsoring the carbon tax, was considered bulletproof.

Since Republicans retained enough seats to sustain a Scott veto on their own, plus several Democratic candidates vociferously denounced the carbon tax in the run up to November 8th, and no politician in his/her right mind would possibly want to cast an official vote in favor of such a toxic policy, the carbon tax should be dead on arrival. However, VPIRG, the advocacy organization most aggressively pushing the carbon tax, still has quite a bit of influence in Montpelier, and deep pocketed donors to the majority party have a powerful financial interest in seeing the tax implemented. Don't count them out yet.

Maintaining Vermont's gun laws is another area where Scott will likely prevail without much of a fight. Though it's hard to determine to what degree Second Amendment voters tipped the scales in Scott's favor, it's safe to say gun rights remains a third rail of Vermont politics. The anti-gun organization GunSense Vermont seems to be

fading as a force and one has to wonder if legislators will have any appetite to make their issues a priority again in the near future.

Industrial Wind Development will be a bigger fight. Scott campaigned both as a candidate for governor and lieutenant governor advocating for a moratorium on industrial wind development. He also wants to give local communities greater say over how and where these projects are placed. This is, of course, a popular position with municipalities and homeowners that don't want 500 foot wind turbines shoved down their throats.

However, Democrats are ideologically devoted to meeting their goal of getting 90 percent of Vermont's energy from renewable sources by 2050, and wind turbines are a big part of that plan. David Blittersdorf of NRG Systems estimates that 200 miles of ridgelines will have to be developed with turbines to reach that goal. It doesn't hurt that Blittersdorf donated over \$100,000 to Democrats during the last election cycle, adding a powerful political motivation to battle Scott. Count on them to make a stand on this one.

Finally, there is the issue of the budget. This too will be a tough fight. Every year for the past half decade Montpelier has dealt with a budget gap of its own making by raising taxes and fees on Vermonters. Every year they have pushed forward with new programs and new spending despite the fact that we can't afford the government we have in place. The legislative majority shows no signs of changing its ways, nor in their own races did the voters send them a message to do so.

So in roughly a month, the unstoppable Democratic legislature will hit the immovable Republican governor. Voters gave Phil Scott a mandate to scale back Montpelier's influence in their lives and to put the state back on more fiscally responsible, "affordable" path. However, if Vermonters really want these things to become reality their support of the new governor must remain active and engaged. He'll need lots of help from outside the State House in the days to come because he won't get much help from within it.

- Rob Roper is president of the Ethan Allen Institute. He lives in Stowe.

Events

December 5. Matt Kibbe, founder and longtime head of FreedomWorks and now head of FreethePeople.org, will speak on advancing liberty at the Sheraton Burlington Amphitheatre on Monday, December 5 at 7pm. Matt is the author of "Don't Hurt People and Don't Take Their Stuff: A Libertarian Manifesto. Order \$10 tickets at www.reventbrite.com/matt-kibbe-in-burlington-tickets-29799568311 (\$15 at the door).

January 12. EAI president Rob Roper will present "Election Policy: What Makes Sense Today?" to the Williston Rotary Club. If you would like this or another EAI presentation to come to your organization or community, contact rob@ethanallen.org.

News & Views

Vermont Still Nation's Safest State. Vermont continues to top the country's list of safest places to live according to a report by 24/7 Wall Street based on FBI data. "Vermont is the safest state in the country with a violent crime rate of 118 incidents per 100,000 state residents.... Due to the state's low population of just 626,042, the total number of murders, at 10, and the total number of violent crimes, at 739, are each also the lowest of any state in the country. (Source: [Burlington Free Press, 11/14/16](#)). Another argument for leaving our gun laws just as they are.

Vermont Ranked Worst Place to Retire (Financially). "Vermont has once again been ranked the nation's least tax friendly state for retirees. Kiplinger recently revealed its annual list of the most and least tax-friendly states for retirees. In Vermont, the report cites Vermont's property taxes, income taxes (even on Social Security) and estate taxes as leading to the "#1 least" ranking. (VBM, 10/12/16)

How Do You Catch Voter Fraud in Vermont? You Don't. "Someone wishing to commit fraud could request ballots without permission and have them sent to addresses where they can collect them and fill them out. When Watchdog posed that scenario to [Will] Senning [director of elections], he admitted that the fraudster would "not necessarily" be caught." ([Watchdog-VT, 11/14/16.](#)) Until town clerks have a system in place where they can guarantee every person casting a vote is who they say they are, and lives where they say they live, the integrity of our elections is suspect.

Sickening Cronyism. On his way out the door (don't let the knob hit you...) Peter Shumlin appointed Robin Lunge to a six year term on the Green Mountain Care Board. This is a job that requires 32 hours a week with an annual salary of \$96,678 for the woman who monumentally botched healthcare policy in Vermont – the colossal waste of Vermont Health Connect, Jonathan Gruber, fiscal mismanagement, misleading legislators and the people of Vermont. This is absolutely disgraceful.

We Are Warned. "Senowa Mize-Fox, an activist with the Vermont Workers' Center and the Vermont chapter of Black Lives Matter, took to social media to share her thoughts on Trump's election victory. "Organize. Don't sit here and say to my black, lady, queer-loving face that we're doomed and there's nothing we can do. We QPOC folks don't have a choice. We fight or we die. See you in the streets," Mize-Fox said." (VtDigger 11/09/16.) OK, we'll be watching for you.

Resolution adopted by the Caledonia County Republican Committee The Caledonia County Republican County Committee urges Gov.-elect Phil Scott to use the powers of his coming office to defeat current and future attempts by the State Board of Education to impose requirements on our smaller independent schools, that will if allowed to stand would in many cases force them out of the business of meeting the educational needs of parents and children in tuition towns in the Northeast Kingdom, and elsewhere throughout the state. 11/21/16

Real Educational Equity Means Choice. "The philosopher John Rawls proposed a

standard for fairness that can accommodate the compromises inevitable in the real world — if something can make one person better off without making anyone else worse off, this is a more optimal state of affairs. Our current rules regarding school choice fit this condition well. The proposed SBE rules do the exact opposite — making many worse off without making anyone better off. These rules won't hurt the more selective “prep” schools much at all but they will destroy all the smaller schools striving to serve a diverse population in terms of income and educational needs and, thereby, hurt kids and families most in need of different educational opportunities.” Rick Gordon, Founder and Head of the Compass School in Westminster ([VT Digger, 11/30/16](#))

Another Good Argument for School Choice. As our economy becomes more global and our technologies become more complex our schools need to be more customized and more personalized — not more centralized. Our students need more choices and more opportunities and our communities need to be more engaged — not less engaged. Just when all of these other changes demand closer ties between community members and schools, the Act 46 governance model will disconnect schools from their communities and make school boards less accessible, not more accessible. – David Kelley (11/6/16)

Refreshing National Leadership on Education. “What we are trying to do is tear down the mindset that assigns students to a school based solely on the zip code of their family’s home. We think of the educational choice movement as involving many parts: vouchers and tax credits, certainly, but also virtual schools, magnet schools, homeschooling, and charter schools.” – Betsy DeVos, Donald Trump’s pick for Education Secretary ([WSJ, 11/30/16](#))

97 percent of climate scientists agree. “This 97 percent statistic comes from a 2013 study in Environmental Research Letters that examines the abstracts of nearly 12,000 academic papers on climate change. Of the more than 4,000 studies that expressed an opinion, ‘97.1 percent endorsed the consensus position that humans are causing global warming.’ David Legates, former director of Delaware’s Center for Climatic Research, examined the same papers. He found that a mere 1 percent of the 4,014 papers expressing an opinion on climate change claim that the majority of warming since 1950 is man-made.” (Nicholas Loris, Heritage, 11/12/16)

Washington voters reject carbon tax. “A similar share of voters (58-42) in Washington state knocked down a putatively revenue-neutral carbon tax. Environmentalists revealed that they care more about expanding government than they do about climate when they joined manufacturers and oil refiners in opposing the tax.” (WSJ 11/10/16)

Colorado voters reject single payer. “Nearly 80% of Colorado voters rejected a constitutional amendment to establish a single-payer system, which would have required a \$25 billion increase in payroll taxes. (WSJ 11/10/16)[The final tally was 79-21 against].

Not Sexism. “There are many reasons for Clinton's loss: obvious corruption, lockstep leftism, disastrous health care prescriptions, abortion fanaticism and basic incompetence are just a few.” – Heather Wilhelm (11/12/16)

Book of the Month

Campaigning for Clean Air:

Strategies for Pro-Nuclear Advocacy

By Meredith Angwin

We are delighted and proud that our friend and colleague, Meredith Angwin, who for several years headed up the Ethan Allen Institute's Energy Education Project, has just published her new book, *Campaigning for Clean Air: Strategies for Pro-Nuclear Advocacy*.

If you are concerned about clean air and climate change, you probably appreciate the importance of nuclear power for the environment and for our planet's future. Nuclear is the largest source of clean energy production in the United States and a major source, world-wide. This the book for nuclear supporters, although many of the lessons throughout are applicable to any kind of advocacy.

Campaigning for Clean Air will inspire your work for a clean energy future. The book features anecdotes, examples and insights from many pro-nuclear advocates. It also contains facts and figures about nuclear energy that you can use these in your own letters and statements.

Meredith Angwin shares what she has learned through years of organizing and publicizing the issues surrounding nuclear energy on the subjects of:

- How you can support nuclear energy, simply sitting at your computer.
- How to support nuclear energy in public, using the same techniques as professional speakers and communicators.
- How to speak at a public hearing, or be invited to speak to a legislative committee.
- How to deal with your own emotions, in a world saturated with anti-nuclear messages.
- How you can find other nuclear supporters, and have fun together.

You don't need to be silent! If you are pro-nuclear, you have something important to add to the energy debates. This book will help you make your voice heard.

Meredith Angwin holds an M.S. in physical chemistry from the University of Chicago. In her long research career, she was inventor on several patents in pollution control for fossil fuels, and did extensive work in corrosion control for nuclear plants. Meredith was one of the first women to be a project manager at EPRI (Electric Power Research Institute), beginning with the renewables group, and moving eventually to the nuclear group. Later, she founded a small consulting company that consulted on pollution control and water chemistry for fossil, nuclear and renewable power plants, and natural gas pipelines.

The Final Word

December Survey

Should the governor/legislature place a moratorium on industrial wind development in Vermont? <https://www.surveymonkey.com/r/B2295WL>

Yes.

No.

Don't Know.

November Survey Results

Should the next governor/legislature enact a Carbon Tax on Vermonters that would ultimately add 88¢ to each gallon of gasoline, \$1.02 to diesel and home heating oil, and 58¢ to propane and natural gas with the net revenue generated going to subsidize weatherization and renewable energy programs?

Yes? 2.76% (17)

No? 97.08% (599)

Don't Know? 0.16% (1)