



## Spaulding upbeat on economy; tough decisions ahead

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MANCHESTER - State Treasurer Jeb Spaulding painted a positive picture of Vermont's financial position in a speech to the Manchester Rotary Club last Tuesday, while warning that tough decisions await the governor and Legislature next year.

Pointing out that Vermont's per capita income hit an all-time high in 2003 and that the state's employment rate has also improved substantially in the last year, Spaulding said, "On a snapshot basis, Vermont is in a very enviable position when compared to other states, but at the same time, we do face the same fiscal pressures, such as escalating health care costs and deteriorating road conditions. The Legislature and governor will not be able to avoid tackling these issues."

Vermont also has the most favorable bond rating in New England. A recently released report from Moody's Investors Service shows Vermont with the largest ranking improvement in the country for tax-supported debt per capita and tax-supported debt as a percent of personal income, two key indicators considered by rating agencies in determining the state's credit rating.

Spaulding explained that the advantage Vermont receives from its favorable credit rating is lower interest rates when it borrows new money or refinances outstanding debt. For example, last winter the Treasurer's Office refinanced nearly one-third of the state's long-term debt, providing savings of approximately \$7 million over the course of the next 14 years.

"Vermont's reputation in the financial markets allowed us to attain extremely attractive rates on that deal, and the savings in annual debt service will average about \$500,000 per year over the next decade. That's money the Legislature can use to help seniors, fix roads or lower taxes," Spaulding said.

Developing a plan to catch up with the maintenance of the state's roads and bridges and to complete a handful of critical transportation projects is a priority for Spaulding. This winter he proposed an innovative bonding program that would utilize a pledge of future federal transportation funds to pay the debt service for a bonding program today, in order to accelerate project delivery. This would allow the state to finish up a number of critical construction projects in a timely fashion and to reallocate existing funds for repair and maintenance of roads and bridges.

On another topic, Spaulding outlined how his office has become more active in using the state's investments to leverage responsible corporate behavior. For example, Spaulding and Vermont's retirement boards are now working with the state of Minnesota and other institutional investors to encourage Pfizer and other pharmaceutical companies to reverse a policy of blocking sales to Canadian pharmacies that allow for reimportation of prescription drugs into the U.S.

"The decision by Pfizer to stop supplying Canadian pharmacies that won't promise to stop selling their products to U.S. residents will impose a substantial and unnecessary hardship on many Vermonters who have found it necessary to buy their prescription drugs in Canada," Spaulding said. "Vermont's pension funds hold about \$20 million in Pfizer stock, and in my view, as part owners of the company, we should not sit idly by while management develops and implements such a punitive policy. Naturally, we want Pfizer to make money for us, and I realize that Pfizer has many admirable attributes as a company, but I do not believe the effort to block sales of Pfizer products from Canada to the United States is necessary to protect either the interests of investors or the safety of consumers."

Spaulding also encouraged all Vermonters to check to see if his office is holding any unclaimed financial property that belongs to them, their family or their neighbors. The Treasurer's Office is responsible for reuniting rightful owners with property like inactive bank accounts, paychecks, security deposits, tax refunds and insurance policies. Interested parties should visit the Treasurer's Web site at [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov) or call 1-800-642-3191.