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\$50 million in bonds offered first to Vermonters

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MONTPELIER -- Vermont residents get first crack Tuesday to buy Vermont bonds in a sale in which the state hopes to raise \$50 million for a long list of capital projects, including government buildings, water improvement and transportation projects.

The state usually sells bonds in the fall for capital projects approved earlier in the year by the Legislature. Last fall, however, Treasurer Jeb Spaulding decided to postpone the sale. "The bond markets were so topsy-turvy with investors not wanting to buy," Spaulding said. "There were states that couldn't sell their bonds."

"From a cash flow perspective, we didn't need the money right away."

Now seems like a better time to sell, he said, especially since the treasurer has structured the offering to give Vermonters priority. Other states have found they could sell bonds to local investors, Spaulding said.

The appeal is to "Vermonters who want to keep their money at home and invest in the future of their state," Spaulding said. Bonds may be purchased in amounts as small as \$1,000. The bonds will mature in one to 20 years.

This belated sale of bonds comes as lawmakers and the Douglas administration continue talks about a special future bond issue -- perhaps as big as \$100 million -- focused on bridge repairs.

Gov. Jim Douglas proposed adding a new assessment to the cost of registering cars, trucks, motorcycles and trailers to raise money to cover the interest costs on a \$100,000 bond issue. He would offset the out-of-pocket expenses for consumers by switching motor vehicles inspections to every other year. House Speaker Shap Smith, D-Morrisstown, also proposed a big bond issue for road and bridge projects.

The newly enacted federal stimulus legislation will send \$125.8 million to Vermont for transportation projects, so lawmakers and the administration are talking about delaying the big transportation bond. Lawmakers are working on details for the state's annual capital project list that would be paid for with bonds likely sold next fall.

The bonds being sold Tuesday must be purchased through registered brokers, not the Treasurer's Office. The Treasurer's Office has been advertising the sale on radio to make sure Vermonters know about the opportunity. If there aren't enough Vermont investors, the bonds will be available to other investors. Citi is managing the sale.

"I know there is always high demand for Vermont bonds," Spaulding said. "I'm optimistic." The state will sell \$50 million in bonds Tuesday. For information, go to www.buybonds.vermont.gov.

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