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VERMONT SMALL BUSINESSES ECONOMIC OUTLOOK SURVEY RELEASED

Confidence in U.S. economy climbs, while confidence in VT economy drops

WILLISTON, Vt., February 19, 2018 – Over 130 Vermont businesses completed the latest semi-annual economic survey in January regarding the outlook of Vermont’s small- to medium-sized businesses. 71% of those business owners who responded have fewer than 25 employees. The survey, presented by Davis and Hodgdon Associates CPAs and the Vermont Chamber of Commerce, revealed that while business owners share an increased level of optimism about the U.S. economy, they do not have the same enthusiasm for Vermont’s economy. There remains a strong desire to see changes made to Vermont’s tax laws and overall business climate.

- 27% of businesses exclusive to Vermont believe the state’s economy is improving (compared to 34% previously); 27% feel it is in decline (compared to 14% in January) and 44% indicate there is no change (compared to 37% previously).
- For businesses with out-of-state interests, 25% believe the state’s economy is improving (19% previously); 33% of businesses believe the state’s economy is in decline (compared to 21% previously) and 32% see no change (46% previously).

Responses to the question of the Vermont economy were similar for all counties throughout the state, including Chittenden county businesses.

- 25% of Chittenden county businesses describe Vermont’s economy as improving. 23% of respondents in all other Vermont county businesses shared this level of optimism.
- 32% of Chittenden county businesses and 34% of all other counties see Vermont’s economy in decline. In July, only 17% of those in Chittenden County and 19% of all other counties perceived the Vermont’s economy to be in decline.
- 37 % of Chittenden county businesses believe that there has been no change in the economy versus 34% of all other county businesses.

When asked to describe the current state of the U.S. economy, 65% feel it is improving (42% in July), 10% believe it is declining (versus 18% in July), and 19% see no change at all (versus 32% in July).

Respondents' expectations for business growth is similar to those from the July survey, although they appear slightly more optimistic about sales increases. 68% expect sales to increase (59% in July), 39% intend to increase capital spending (compared to 46% previously), and 46% look to increase the size of their staff (versus 38% in July).

Respondents identified the top three key issues facing their business as finding qualified employees (59%), health insurance costs (57%), taxes (Federal and State tax laws: 47% and Property tax: 30%). These are the same key issues that business owners have identified in the previous six semi-annual surveys, however it is noteworthy that they are more concerned about Property tax (education funding) (30%) and Vermont tax laws (28%) than with Federal tax laws (19%).

When asked to identify one business economic issue they want to see addressed by the state legislature this year, business owners continue to express their concerns about high taxes and the excessive cost of doing business in Vermont. Many want to see legislators work to improve the current perception of Vermont as an unfriendly business environment through de-regulation and tax reform. Health insurance is also a common issue that they would like to see addressed this year.

"The good news is that many businesses are looking to expand, however their number one issue remains finding qualified employees," said John Davis, managing partner of Davis & Hodgdon Associates. "There's clearly a need to figure out how to attract and retain a qualified workforce despite the state's high cost of living."

About the Survey

The non-scientific survey, customized by Davis & Hodgdon to evaluate small- to medium-sized businesses, was completed by 136 businesses located throughout the state. Full results below:

January 2018 survey results: <http://survey.constantcontact.com/survey/a07eewxzo4pjawss057/results>

July 2017 survey results: <http://survey.constantcontact.com/survey/a07ee6a5mrhj2q77j0i/results>

About Davis & Hodgdon

Davis & Hodgdon Associates CPAs is a full-service public accounting firm with locations in Williston and Rutland Vermont. The firm is a member of several diverse regional and statewide business organizations and serves its clients by providing progressive, proactive services through expert staff, high-end technology, and unparalleled efficiency.

About the Vermont Chamber of Commerce

The Vermont Chamber of Commerce is the largest statewide, private, not-for-profit business organization. The Vermont Chamber mission is to create an economic climate conducive to business growth and the preservation of the Vermont quality of life.

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