By Andrew Stein

All three of Vermont's congressional delegates backed this week's bill to avert the so-called fiscal cliff — a bundle of self-imposed draconian spending cuts and income tax hikes meant to propel Congress into action to address growing federal debt.

But none of the congressmen are celebrating.

While the bill extends unemployment benefits and farm bill dairy provisions, employed Vermonters can expect higher payroll taxes than they've enjoyed the past two years. And the fiscal bill does nothing to address some of the nation's most urgent fiscal problems.

"This was a positive step, but that's all it was: a step," said Vermont Rep. Peter Welch. "It was a long way from the grand bargain we need."

At the crux of the bill is the cementing of Bush era income tax cuts for individuals making less than $400,000 and couples making less than $450,000. As Forbes broke down the deal, U.S. citizens earning more than those thresholds will pay 39.6 percent on the excess and 20 percent on capital gains and qualified dividends, which is up from 15 percent.

The Tax Policy Center estimates that most people earning $500,000 to $1 million will pay an average of $10,000 more in 2013. For 98 percent of those earning more than $1 million annually, their taxes will go up roughly $125,000.

Tom Kavet, economist for the Legislature, said in Vermont that top income bracket isn't particularly stable.

"When you talk about high-end taxpayers, they don't always stay in that income class," he said.

"There's a lot of in and out. Somebody will sell an asset or a business and they'll be in the top 1 percent for a year or two years, and then they're out of it."

What the deal did not do was extend a 2 percent reduction in employee payroll taxes for Social Security, which was part of the 2010 stimulus package. That fiscal luxury lapsed at the start of the New Year.

The bill also did not raise the nation's debt ceiling of $16.394 trillion, which it hit on New Years Eve. It also did not address major decisions surrounding federal spending.

As the Wall Street Journal put it, Congress avoided one high-risk scenario and is heading full-speed into another.

"The compromise dodges one cliff, but it sends Congress barreling toward another," wrote the Journal. "In two months, the delayed $110 billion in spending cuts will again kick in. At the same time, the U.S. will face the need to increase its borrowing limit, a change that can only be made by Congress. That sets up another rancorous fight, one with potentially more damaging consequences."

Sen. Patrick Leahy panned the Republican-controlled House for taking so long to reach a resolution and leaving many questions up in the air.

"This was a made-in-Congress crisis imposed on everyone by factional obstructionism in the House," Leahy said. "Uncertainty is corrosive throughout the economy. Farmers need to plan not just for the next month but for the next year. Uncertainty affects doctors and their Medicare patients, families who need to know if they can count on continuation of the education tax credit, and businesses contemplating expansion."

Both Leahy and Welch, however, commended the House for coming through in the bitter end. While the bill received widespread Democratic support, the Republicans split the vote with 85 delegates for the bill and 151 against it (the bill passed the House 257-167). This split, said Welch, is significant. Since the 1990s, Republicans haven't ushered a bill to the floor without the majority of the party's support.

"What that meant, in effect, is that the very right-wing of the Republican Party almost had veto power over what would be considered by the whole House of Representatives," said Welch.

With the breaching of that rule, Welch said he was more optimistic that the House could make progress hurdling the hefty financial obstacles that lay ahead.

For Leahy, one of the biggest victories of the fiscal cliff deal was language extending the farm bill for another nine months. Without this language, the government would have reverted to a fiscal formula from 1949 that set the base price of milk at double its current market value. If that would have happened, the price of milk for consumers would have skyrocketed. Many Congressmen hope to pass a new five-year farm bill for the first time in decades.

Meanwhile, Sen. Bernie Sanders issued a statement supporting the extension of federal tax credits for utility-scale wind production.

"This is a win-win for our economy and our environment," he said. "In Vermont and across the country, hundreds of wind manufacturing plants already are producing wind turbines."

More of an influence on Vermont's economy than any one of these measures, Kavet opined, is that Congress came together to pass legislation that protects lower tax rates for the vast majority of citizens.

"It's not just the certainty. There are measures, like making tax cuts permanent for 99 percent of the population, that also help support the economy, and the tax increases are a step toward deficit reduction," he said. "That larger macroeconomic effect will be more impactful to Vermont than any specific provisions."

Jeb Spaulding, secretary of Gov. Peter Shumlin's administration, said that this added certainty might give Vermonters the financial confidence needed to make new investments. But, he said, Vermonters will likely feel the pinch of the restored payroll tax.

"The agreement reached by Congress and the President is a positive step, and I don't want to minimize that, but we are not out of the woods by a long shot," he said. "The agreement does not have a significant impact overall for state revenues, but adds some certainty on the tax side ... The reversion of the payroll tax to 6.2 percent will not be helpful for working Vermonters, but we always knew that the decrease was supposed to be temporary."