VERMONT ECONOMIC PROGRESS COUNCIL

VERMONT EMPLOYMENT GROWTH INCENTIVE
(VEGI)

The State of Vermont offers incentives to encourage business recruitment, growth, and expansion through the Vermont Employment Growth Incentive program (VEGI). The VEGI program can provide a performance-based cash incentive for prospective job and payroll creation and capital investment that is beyond organic growth and which occurs because of the incentive. Companies must be authorized to earn the incentive through application to the Vermont Economic Progress Council (VEPC), who must determine:

- If the economic activity would not occur or would occur in a significantly different and significantly less desirable manner without the incentive (But For);
- If the economic activity will generate more incremental tax revenue for the state than is foregone through the incentive (cost-benefit modeling); and
- If the company and economic activity meet a set of "quality control" program guidelines.

There are no restrictions on the type or size of company that can apply or the number of jobs that must be created. Applicants must be able to show that the activity as proposed would not occur unless the incentive is approved, that new qualifying jobs will be created at a level beyond the background growth for the company's industry, and that the project and company meet the program guidelines. Also, the only new payroll that can be used to calculate the incentive is payroll for incremental, qualifying jobs.

Prospective applicants can get an estimate of potential incentives at any time by filing a PreApplication. Then, formal approval of the incentives by the VEPC Board can occur in two phases: Initial and Final. The Council may approve an Initial Application if the But For and Program Guidelines are met, and approve an incentive amount based on initial data from the company. This will allow companies the ability to meet the But For when they are at a point of project development that might not include definitive employment and payroll data. This is especially necessary for companies considering several sites or with complicated real estate transactions. Initial authorization ***must occur*** before a company makes a decision to proceed with the project. If an application is given Initial Approval, the applicant must subsequently file a Final Application before the end of the calendar year to receive authorization of the incentives. The Final Application sets the annual performance measures that must be met to earn the incentive.

Once authorized, to actually earn the incentive each year the company must maintain or increase their base payroll, meet their payroll performance measure, and meet either their new qualifying job or their capital investment performance measure. The earned incentive is then paid out in five cash installments if the performance measures are maintained.

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