



Testimony on H.10 Draft 2.1
House Commerce and Economic Development Committee
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The Vermont Chamber of Commerce represents businesses of all sizes, from every industry, across every region of Vermont. We understand what it takes to help businesses grow and thrive to build strong and vibrant communities, and businesses have trusted us to center stewardship in our mission of advancing the Vermont economy.

The Vermont Employment Growth Incentive has been essential for the development of many Vermont businesses and Vermont Chamber members in incentivizing them to stay and grow in Vermont. The upcoming program sunset is an opportunity to evolve and update the program. We appreciate the opportunity to offer suggestions on the proposed language in H.10 related to that evolution.

The study suggestions provided below are insights taken from an evaluation of a similar business incentive program for Michigan in 2019 by economists and researchers from the Center for Regional Economic Competitiveness and the W.E. Upjohn Institute.

Section 1

- **(3)** Consider adding steps the Council can take to address absenteeism with any Council member that mirrors those in the VEPC rules.
- **(4)** Suggest adding language: Any records acquired by the legislative Joint Fiscal Office or Auditor of Accounts that are not otherwise available to the public are exempt from public inspection and copying under the Public Records Act.

Section 3

- We strongly recommend the Joint Fiscal Office issue an RPF to conduct a study with an independent, qualified third party to achieve the level of objective and critical analysis and informed review that is essential in modernizing Vermont's business incentive offering.
- **(1)** Ensure that language about the Council's independence from other State Agencies does not interfere with the role in compliance that the Tax Department is tasked with.
- **(2)** Revise the task related to "job switchers" to focus on tracking if an awardee is adding net new tax filers in Vermont which could include those that have moved to Vermont or those that are joining the workforce either for the first time or after a period of absence.

- **(3)** Consider opportunities to create additional transparency in the cost-benefit modeling process, inputs, and outputs.

Additional Areas of Consideration for a study:

- Create a purpose statement and define parameters for a successful outcome.
- Review the level of influence the incentive has on a company's investment decision. That may include a range to acknowledge the "But For" test may be a scalable factor in a project's location and growth decision.
- Identify the preferred economic impact targets for a project and review the inputs for the economic model to ensure those targets are given appropriate consideration.
- Consider that the project review criteria used in this program are reflective of Vermont's economic objectives.
- Assess the business incentive program's purpose and eligibility requirements with current state needs. This should include Vermont's workforce shortage and demographic challenges.
- Require broad stakeholder engagement on the state and local levels.