

Understanding  
VEGI  
and the  
Forgivable Loan Incentive  
(S.247)



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**DEPARTMENT OF ECONOMIC DEVELOPMENT**

# Want more information?

PLEASE REACH OUT TO ME

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# What is VEGI?

- Vermont Employment Growth Incentive
- Economic development tool created by legislature
- Incentivizes employers to add new payroll, new jobs, new capital investments
- Designed to generate new net revenue to state

# How does VEGI work?

1. Companies apply to Vermont Economic Progress Council (VEPC)
2. 5-year plan must include job creation and/or capital investments
3. Proposed investments would not occur without incentive
4. VEPC Board approves application
5. Company receives incentive each year it hits targets up to 9 years

# Who oversees VEGI?

- Vermont Economic Progress Council (VEPC) is independent public body
- VEPC Board has 11 members: 2 lawmakers, 9 citizens
- Two VEPC staff who vet applications for guideline adherence

# Who oversees VEGI?

- VEPC Board reviews and approves or denies each application
- Vt. Tax Dept. determines if company hits targets in order to receive VEGI incentive payments

# How is VEGI calculated?

- Cost-benefit analysis by Executive Branch economist determines amount of VEGI incentive

# Why do we need VEGI?

- Vermont's only incentive-based program available to businesses
- Supports significant business growth and job creation that would not occur or would occur in significantly different and less desirable manner without VEGI



# Total VEGI Results

From 2007 to 2021,  
VEGI invested  
**\$35M**  
TOTAL  
in incentives that  
generated:



**9,376**  
New Jobs



**\$59,006**  
Average Wage\*



**\$553.2M**  
New Payroll



**\$1.07B**  
Capital Expenditures

Source: Vermont Department of Taxes

\*Average wage in 2021 was \$69,257

# Average VEGI Results Per Year

From 2007 to 2021,  
VEGI invested

**\$2.3M**  
PER YEAR

in annual incentives  
that generated:



**625**

Average New  
Jobs



**\$59,006**

Average Wage  
Per Employee\*



**\$36.8M**

Average New  
Payroll



**\$71.8M**

Average Capital  
Expenditures

Source: Vermont Department of Taxes

\*Average wage in 2021 was \$69,257

# VEGI Return on Investment

From 2007 to 2021:



\$1 spent



\$46.10 in  
Payroll and  
Capital Investment

Source: Vermont Department of Taxes

# VEGI In Action – Chroma Technology



- Added dozens of employees exceeding VEGI targets
- Invested \$21M in Bellows Falls campus
- Added 25,000 sq. ft. to facility, bought new equipment, made site enhancements

# VEGI In Action - Gordini



- Grown workforce from 40 to more than 100 exceeding VEGI target
- Without VEGI, Gordini says it would have kept its Essex Town facility, but expanded out of state
- Gordini says hiring made possible by VEGI has diversified its workforce
- Gordini now employs New Americans from Moldova, Nepal, Senegal, Guinea, Dominican Republic, and Czech Republic

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# VEGI In Action – Manufacturing Solutions, Inc.



- Hired more than 100 new employees
- Completed 62,000 sq. ft. expansion
- Invested in cutting-edge tooling equipment and automation

# Why repeal VEGI sunset?

- Gives business community confidence the state is serious about economic development
- Encourages Vermont businesses to stay
- Encourages creation of high-paying greater jobs
- Generates net new revenue for the state

# Questions about VEGI?