

Vermont Employment Growth Incentive Program
Annual Report 2022
Submitted September 1, 2022

- The Vermont Employment Growth Incentive (VEGI)
 - Provides incentives from the State to businesses to encourage prospective economic activity in VT that is beyond an applicant’s background growth.
 - Incentive achieves growth that would not occur, would not occur in VT, or would occur in a less desirable manner.
- The Vermont Economic Progress Council is the governing body over the VEGI program.
- The Department of Tax receives, and audits incentive claims made by participants.
- ***States that this report be submitted to House Commerce but as it appears it was only submitted to Senate Econ. Dev.****
- Beta Technologies, South Burlington (VEGI Small Business Success Story)
 - Working to electrify aviation
 - Currently has two prototypes
 - VEGI supported BETA to expand operations, add 50 new employees, expand office space.
 - “Support was essential to the early growth of the company”
- Below Analysis summarizes activity expected to occur or has occurred from Active-Initial, Active-Final, or Complete Applications:

Fig 1.

Projected Activity Summary

For All Active-Initial, Active-Final, & Complete Applications
 Considered Through December 31, 2021
 Total Projected Economic Activity, 2007 – 2026

County	Projected New Qualifying Employees	Projected New Qualifying Payroll	Projected Average Wage	Projected New Qualifying Capital Investments
Addison	0	\$0	\$0	\$0
Bennington	0	\$0	\$0	\$0
Caledonia/Essex/Orleans	132	\$5,659,180	\$42,872	\$6,479,940
Chittenden	1649	\$116,916,726	\$70,902	\$147,644,455
Franklin/Grand Isle/Lamoille	311	\$11,883,734	\$38,211	\$102,355,385
Orange	53	\$2,198,306	\$41,477	\$6,125,000
Rutland	0	\$0	\$0	\$0
Washington	799	\$5,550,737	\$69,525	\$61,914,765
Windham	226	\$9,751,467	\$43,148	\$68,717,000
Windsor	89	\$5,068,933	\$56,954	\$29,015,350
Summary Total	3,259	\$207,029,083	\$63,525	\$422,251,895

- Vermont Domicile
 - 37 Vermont-based
 - 11 Not Vermont-based

- Began in 2007
 - Provides cash incentive paid from the incremental tax revenues generated to the State by the new economic activity occurring.
 - Company must apply
 - To date, 369 inquiries, and 144 applications
- Applicants must provide an extensive and detailed modeling of the economic and estimated revenue benefits and costs to the State.
 - The calculation of the incentive for applicants includes the discounting of a certain level of the new payroll that will be generated and considering background growth payroll or payroll assumed to grow at some level in projected years.
- **Application Statuses Definitions:**
 - **Active Initial:** application has been approved. Initial approval of incentives provides applicants with the information to determine if they can commence the project.
 - **Active Final:** Approved by the VECP, incentives are authorized.
 - **Active Reduced:** Applicant has met some targets, but for a certain year performance and projections are not met or maintained. Additional opportunity for incentives is removed, but company can earn incentives for the targets that were reached.
 - **Cancelled:** cancelled by applicant. No incentive earned or paid.
 - **Canc-Recap:** Final application approved but cancelled by applicant.
 - **Complete:** Applicant has met and maintained all performance requirements and have completed the VEGI program.
 - **Concluded:** Applicant changed to an “Active-Reduced” Status
 - **Denied:** Denied authorization
 - **Terminated:** Applicant had the authority to earn authorized incentives but were revoked at some point due to failure to meet or maintain all performance requirements.
 - **Term-Recap:** Means the applicant has the authority to earn incentives but was revoked, any incentives paid have been recaptured.
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- As of this report being submitted,
 - 28 applications have Active-Final status
 - Of the 28, 20 of the Active-Final statuses have earned incentives.
 - 1 application are Active-Initial Status
 - 3 applications are Active-Reduced Status
 - 19 applications are Complete Status
 - 22 applications are Concluded
 - 5 applications were Denied.
 - 37 applications were Cancelled.
 - 6 applications were Canc-Recap
 - 19 applications were Terminated
 - 1 application was Term-Recap

- **Summary of Incentive Authorization Data:**
 - **Total Applications Considered: 141**
 - **Approved (complete or active) 51, 36%**
 - **Concluded 22, 16%**
 - **Cancelled or Terminated 63, 45%**
 - **Denied, 5, 3%**
- Authorization Summary for all applicants considered through December 31, 2021:
 - Total Incentives Considered: \$111,876,023
 - \$2 million denied
 - \$39 million Cancelled or Terminated
 - \$7 million forfeited by Active-Reduced or Concluded Applicants
 - \$9 million Incentives Paid or Available to Active-Reduced or Concluded Applicants
 - **Incentives Authorized: \$51,638,560 (Active-Initial, Active-Final, Complete)**
- **Applications increasing since 2007,**
 - **7 in 2007, 47 in 2019, 38 in 2020**

Overall:

- When applications are approved and goals are met and maintained, the incentive program is successful.
- Significant number of Cancelled or Terminated applications
 - Cancelled = cancellation by applicant
 - Termination = application had authorization to received incentives but were revoked at some point due to failure to meet or maintain all performance requirements.
- More than half of applicants, 52% are within the approved, complete or active, and concluded statuses.
- Remaining 48% is within the cancelled, terminated, or denied status.