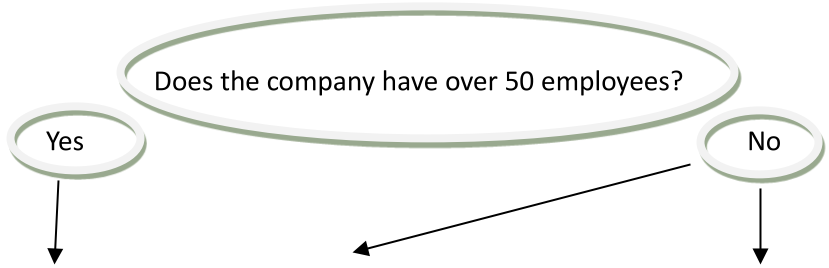
Vermont Employment Growth Incentive

Purpose: The purpose of the Vermont Employment Growth Incentive Program is to generate new revenue to the State by providing incentives to a business for adding new payroll, new jobs, or new capital investment it otherwise would not have without the incentive. This is not a grant program.



	Traditional VEGI (direct cash incentive)	VEGI LITE (forgivable loan proposal)
Incentive Amount	80% of a business's calculated NFI based on capital improvements and employment growth above background levels.	20% of capital improvements up to $1m and/or $5k per new qualifying employee for a 3-year period, less the interest payments on the loan.
Enhancements Available	-Environmental technology business -Located in an area with higher than average unemployment or lower than average wages	-Environmental technology business -Located in an area with higher than average unemployment or lower than average wages
Commitment Period	(original) 5 years of targets, each year's targets must be maintained for 5 years. 9-year total commitment. (proposed) 3 years if targets, each year's targets must be maintained for 3 years. 5-year total commitment.	3 years.
Payment schedule	(original) Based on hitting targets for each of 5 award years and maintaining each year for an additional 5 years. Each approved year is paid out	Upon all targets for a 3-year period being met, the loan principle is forgiven.

	in 5 increments over 5 years. In total, the incentive is paid out over 9 years. (amended) Based on hitting targets for each of 3 award years and maintaining each year for an additional 3 years. Each approved year is paid out in 3 increments over 3 years. In total, the incentive is paid out over 5 years.	
$ received	After performance targets are met and maintained. Tax depts sends funds to applicant.	Up front. But results in a loan if targets are not met. If targets are met loan is forgiven and Tax dept sends funds to VEDA instead of applicant.
But For	The proposed economic activity would not occur, or it would occur in a significantly different manner that is significantly less desirable to the State.	The proposed economic activity would not occur, or it would occur in a significantly different manner that is significantly less desirable to the State.
Failure to meet targets	No incentive awarded for the year(s) when the target is not met. 2 year grace period to earn them.	The loan is not forgiven, and the principle must be repaid to VEDA.
Authorizing body	But-for determination: VEPC Monitoring: Department of Tax	But-for determination: VEPC Underwriting: VEDA Monitoring: VEDA (cap x) and Department of Tax (employment) . upon meeting targets loan is forgiven, Tax dept. forwards funds to Veda for repayment of loan.
Money requested	It is a tax expenditure, not an appropriation.	$350,000 appropriation requested for VEDA loan-loss reserve due to higher risk structure.