



STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE

4/14/2015 - Draft

VEGI changes: The VEGI Senate changes:

1. Wage Threshold - 32 V.S.A. § 5930a and 32 V.S.A. § 5930b(a)(24)

The “wage threshold” is the minimum annualized Vermont gross wages and salaries paid for a new job to count as a “qualifying job” under the program. Current law sets the minimum for the “wage threshold” at 160% of the Vermont minimum wage at the time of application.

A. Administration proposal: Change the wage limit from the current 160% of the minimum wage to the livable wage which is currently \$13.00 an hour.

Year	Min Wage	160%
2015	9.15	\$ 14.64
2016	9.60	\$ 15.36
2017	10.00	\$ 16.00
2018	10.50	\$ 16.80

B. Senate Proposal: Creates lower wage threshold for LMAs with higher unemployment

VEGI identify labor market areas where unemployment exceeds the statewide average. In those areas the wage rate is 140% of the minimum wage

Minimum wage	160%	140%	Livable wage
2014 \$ 8.73	\$ 13.97		\$12.48
2015 \$ 9.15	\$ 14.64	\$ 12.81	\$13.00
2016 \$ 9.60	\$ 15.36	\$ 13.44	\$13.00
2017 \$ 10.00	\$ 16.00	\$ 14.00	?
2018 \$ 10.50	\$ 16.80	\$ 14.70	?

In tandem with this, the Cost-Benefit Model would be adjusted to account for higher potential public costs associated with lower paying job creation. This would provide greater targeting of the lower wage to counties that could use the employment access.

2. \$1 million cap for Net negative awards – 32 V.S.A. § 5930b (b)(5) -

A. Administration Proposal: VEPC has the authority to grant these awards in current law (in session law—see Sec. 3), but current law caps the amount of such awards at \$1,000,000.00. This change codifies VEPC’s authority and removes the dollar cap to eliminate the \$1 million cap

B. Senate Proposal: Allows the Emergency Board to raise the cap on an as needed basis:

The original provision for allowing \$1 million in awards that exceed maximum Cost-Benefit model calculations was intended to allow for exceptional projects requiring additional funding – especially in areas of the State that are chronically disadvantaged, such as the Northeast Kingdom. The cap capacity has never been fully utilized but reportedly acts with a chilling effect to project approval as some capacity is kept in case a critical project comes along. Language is added to allow the Emergency Board to increase capacity if needed as is the case with the \$10 million overall cap.

3. Extending the claim period for an incentive – 32 V.S.A. § 5930b(c)(6)

Currently a business that has been awarded an incentive has up to two years following a target year to meet its employment and capital investment targets and claim its incentive. Under this change, VEPC has the authority to investigate the circumstances in which a business doesn't make its target, determine the likelihood that it will meet its targets with additional time, and award up to two additional years to meet the first year targets, or up to one additional year to meet the second year targets.

B. Senate Proposal: Allows additional time but requires a recalculation of present value

Allow for such recalculation only if the business didn't meet its targets due to facts or circumstances beyond its control and requires a recalculation and adjustment based on a re-run of the Cost-Benefit Model using the longer payout period of the award amount.

4. Enhanced training incentive – 32 V.S.A. § 5930b(h)

Normally a business may claim an incentive in installments over five years.

Administration Proposal: a business may claim an incentive in year one if it opts to reinvest incentive monies in training its new hires through the Vermont Training Program or through a Workforce Education and Training Fund program. The business would notify VEPC of this intent, apply for a training grant, complete training, and receive the full value of its incentive, less 25% of the cost of training from the business's award payment.

B Senate Proposal: Business may claim an incentive in year one if it opts to reinvest incentive monies in training its new hires through the Vermont Training Program or through a Workforce Education and Training Fund program.

The business would notify VEPC of this intent, apply for a training grant, complete training, and receive the full value of its incentive *attributable to training*. Once training is completed, the Dept. of Taxes will disburse an incentive payment equal to the employer's cost of training through VTP or WETF + the cost of reimbursement to VTP or WETF for the 25% share VTP/WETF paid up front. The remainder of the business's incentive payment will be paid out in annual installments per the normal five-year schedule.