

## VERMONT EMPLOYMENT GROWTH INCENTIVE

The VEGI program continues to encourage the creation of good paying jobs and investment in Vermont that otherwise would not occur, generating new revenue to the state to support other programs. Applications are reviewed by the Vermont Economic Progress Council for consistency with nine program guidelines, including the quality of the jobs, and a rigorous cost-benefit analysis is performed to calculate the level of new tax revenue a project will generate for the state. The Council also must determine that a projects would not occur or would occur in a significantly different and less desirable manner if not for the incentives being authorized. Therefore, the projects generate new state tax revenues that would not have been realized. Those revenues pay the incentives and will generate net new tax revenue for Vermont.

To earn the incentives, authorized companies must meet payroll, employment and capital investment performance requirements each year. Only if the Tax Department determines that the performance requirements are met and maintained, the incentive is earned and pays out to the company in five annual installments.

In 2014, VEPC authorized incentives totaling \$4.7 million for eight companies, six of them long-time Vermont manufacturers, one new to Vermont providing well-paying work-at-home jobs, and one a start-up providing meat processing services for Vermont farmers. Four of the projects started in 2014 and four will start in 2015. Four of the projects are in Chittenden County: Keurig Green Mountain, Blodgett, Flex-A-Seal, and Twincraft. The others are Vermont Packinghouse in Springfield, Cabot Hosiery/Darn Tough in Northfield, National Hanger in North Bennington, and Precyse Solutions is statewide.

These projects will create 708 new full-time jobs between 2014 and 2019, generate \$15.3 million in new payroll, and the companies will invest \$136 million in Vermont. Even after the payment of the incentives, the State will realize \$2.4 million in net new revenue.

### APPLICATION SUMMARY: JANUARY 2007 – December 2014

Total Applications Considered:	86 (Avg. 11/year)
Total Active Projects:	37
Total Net Incentives Authorized:	\$32.5 million
Earn Period 2007-2018:	Average \$2.7 million/Year
Payout Period 2008-2022:	Average \$2.1 million/Year

### ESTIMATE OF PROJECTED DIRECT AND INDIRECT ECONOMIC ACTIVITY 2007-2018

Total Full-time Job Creation (Direct and Indirect):	6,560
New Qualifying FT Jobs	(2,994)
New Non-Qualifying FT Jobs	( 472)
New Indirect Jobs	(3,094)
Total Retained Full Time Jobs	4,934
Total Qualifying Full Time Payroll:	\$136.8 million
Weighted Average Wage (Full time jobs)	\$45,702
Average Total Compensation (Full Time jobs)	\$55,835
Average % of Health Care Premium Paid by Employer	75%
Total Qualifying Capital Investments	\$630.7 million
Approximate Value of Vermont Biz-to-Biz Interaction	\$178 million/Year
<b>Total Net Revenue Return to Vermont:</b>	<b>\$24.5 million</b>
Total Net New Revenue/Qualifying Job	\$8,183 per job*

### PROJECTED/ACTUAL ECONOMIC ACTIVITY 2007-2012

	<u>PROJECTED</u>	<u>ACTUAL</u>
New Qualifying Jobs	1,829	3,038
New Qualifying Payroll	\$86.8 million	\$187 million
New Capital Investments	\$333.3 million	\$495.4 million
Net Incentive Installments Paid:	\$6.7 m	\$6.4 m
<b>Net Revenue Return to Vermont</b>	<b>\$9.0 million</b>	<b>\$25.9 million</b>
Net New Revenue/New Qualifying Job	\$4,920	\$8,525*

**\*Note: These figures *do not* represent a cost per job. They show the net new tax revenue generated to Vermont per new qualifying job created.**