

**SENATE ECONOMIC DEVELOPMENT, HOUSING, GENERAL AFFAIRS**  
**FRIDAY, JANUARY 23, 2013, 10:30 AM**  
**FRED KENNEY, EXECUTIVE DIRECTOR,**  
**VERMONT ECONOMIC PROGRESS COUNCIL**

**WHAT IS THE VERMONT ECONOMIC PROGRESS COUNCIL?**

- Independent body attached to Agency of Commerce and Community Development
- Eleven member board (voting) and two delegates from each region designated by RDC and RPC (advocacy and advisory)
- VEPC Board: Nine members appointed by Governor; one by Senate, one by House:
  - Stephan Morse, Windham County, Chair
  - Mary Lintermann, Lamoille County, Vice Chair
  - Christopher Bray, Addison County, Senate Appointee
  - Tim Briglin, Windsor County
  - John Davis, Chittenden County
  - Betsy Gentile, Windham County
  - Michael Keane, Bennington County
  - Warren Kitzmiller, Washington County, House Appointee
  - Emma Marvin, Lamoille County
  - Bryon Quartini, Caledonia County
  - Rachel Smith, Franklin County
- VEPC Staff:
  - Fred Kenney, Executive Director
  - Kim Woolaver, Grants Management Specialist
- Originally created for long-range economic planning.
- Now responsible for:
  - Vermont Employment Growth Incentive Program
  - Tax Increment Financing District Program
  - Windham County Economic Development Program

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**MANDATED RESPONSIBILITIES:**

**Vermont Employment Growth Incentive program:**

- State's business incentive program.
- Provides an inducement to Vermont companies to expand, to start-ups to choose Vermont, and to non-Vermont companies to relocate or expand into Vermont.
- Available to any size, type, sector business and for any level of growth.
- Must show new payroll growth and jobs must meet wage threshold.
- Incentives are based on incremental economic activity (new payroll, full-time headcount, and capital investments) that would not otherwise occur, which therefore generates tax revenue the state would not have otherwise realized. A portion of incremental revenue generated by the activity is paid back to the company as the incentive.
- **Authorize:** Council determines if company meets But For, Program Guidelines, and that the project will generate a net return for the state through cost-benefit analysis.
- **Earn:** Incentives are Performance-based. Incentives are only earned for each year if Performance Requirements are met 100% during the target year or within 24 months of the target year (12 months for Year 4). There is no partial payment for partial performance. Tax Department examines annual claims.
- **Paid Over Time:** For each annual incentive earned, incentive is paid out in five annual installments, if performance requirements are maintained.
- **Program Highlights:**
  - Total Applications: 86
  - Active Projects: 37
  - Net Incentives Authorized: \$32.5
  - Payout Period: 2008-2022 Average 2.1 million/Year
  - Projections:
    - Qualifying Full-time Job Creation: 2,994
    - Qualifying New Payroll: \$136.8 million
    - Average Compensation: \$55,835
    - Average Health Care Premium paid by employer: 76%
    - New Qualifying Capital. Investments: \$630.7 million
    - **Net Incremental Revenue Generated: \$24.5 million**
- **Other Information:**
  - Monthly filing/meeting cycle
  - Annual Report: September 1

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**Tax Increment Financing District program.**

- TIF Districts are created by municipalities to designate an area of the municipality where infrastructure improvements must occur to realize desired private sector development or redevelopment.
- The incremental property taxes generated by the new development helps pay for the infrastructure debt.
- Vermont TIF Districts have been authorized, through various versions of statute, to direct a share of the incremental Education property tax revenue generated by the development to finance the TIF District infrastructure debt.
- Districts created after 2006 had to meet certain criteria to utilize incremental education property tax revenue.
- Eligibility determined by VEPC.
- There are now ten TIF Districts:
  - Seven are “activated” (incurred debt)
  - Two expected to incur debt in 2015 and the other in 2016
  - One will end in 2016
- Implementation of Act 80:
  - VEPC ensured and monitored that all municipalities have made payments required, to date.
  - Formed working group to draft TIF District Rule; Filed with Secretary of State January 12, 2015.
  - Strengthened communication between VEPC, PVR, and municipalities:
    - Require only written communication (document);
    - Require designation of single point of contact by municipality;
    - Regular meetings and communication between VEPC, PVR, and SAO;
    - Scheduled series of TIF workshops for municipalities (first held Jan 14).
  - Filled VEPC vacancy with Grants Management Specialist to take on oversight and monitoring.
  - Implementing oversight and monitoring processes.
- No new applications are allowed under current statute.
- Amendments and phase filings are filed occasionally, usually prior to a November or March ballot.
- VEPC provides oversight, monitoring, issue resolution, non-compliance enforcement.
- Projected value of TIF District Improvements = \$283 million
- Projected incremental Educ. Property Tax revenue generated = \$271 million
- Projected incremental Educ. Property Tax revenue to TIF Districts = \$204 million (over 38 years)
- Annual Report: April 1

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**Windham County Economic Development program**

- Funds were made available due to settlement negotiated by Shumlin Administration in 2013 regarding the closure of the Entergy VY plant.
- Details of the settlement were stated in a [Memorandum of Understanding](#) (MOU) between the State of Vermont and Entergy, which included, among other considerations that Entergy would provide \$10 million over five years to the State of Vermont “to promote economic development in Windham County.”
- Paid to the State in \$2 million/year increments over five years.
- For Round 1 (FY15), ACCD received over \$5.6 million in requests.
- ACCD Staff reviewed applications against program criteria and other Agencies and regional organizations provided input.
- The VEPC Board reviewed all complete applications submitted, state agency and regional partner reviews, criteria scoring by ACCD staff, and VEPC staff summaries.
- VEDA provided underwriting of the one loan application.
- The VEPC Board also held a full day meeting in Brattleboro to hear oral presentations by the applicants.
- In November, VEPC provided an allocation recommendation to the Governor.
- In December, the Governor made the following allocations:

<u>Applicant:</u>	<u>Project:</u>	<u>Amount:</u>
Bellows Falls Area Development Corp.	Island Redevelopment	\$300,000
Brattleboro Development Credit Corp.	Green Building/Accelerator	\$170,000
Sustainable Timber Investment Exch.	Advanced Practice Training	\$200,000
Strolling of the Heifers	Business Plan Competition	\$79,000
United Way Windham County	Working Bridges Program	\$65,000

- Also, Governor Shumlin has allocated \$25,000 as a contingency to cover potential interest and legal costs by the Vermont Economic Development Authority (VEDA) who is servicing loans for the program and \$25,000 to fund a contract with the Vermont Small Business Development Center (SBDC) to provide technical assistance to potential business applicants to the program.
- The remaining funds from this round will be combined with the next \$2 million payment and made available during the next round.
- Program is under review and revision.
- New structure expected to be announced by March.