

Vermont Economic Progress Council

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32 V.S.A. § 3330:

“The purpose of the Vermont Employment Growth Incentive Program is to generate net new revenue to the State by encouraging a business to add new payroll, create new jobs, and make new capital investments and sharing a portion of the revenue with the business.”

What is VEGI?

- Cash incentive for new job and payroll creation by:
 - Existing Vermont businesses
 - Start-up businesses
 - Businesses relocating to/expanding into Vermont
- Requires authorization to earn incentive based on statutory criteria
- Only prospective investments are eligible
- Payment of cash incentive requires meeting annual performance requirements

Who qualifies for VEGI?

- Will add new qualifying jobs and payroll because of the incentive
 - Beyond background (organic) growth
 - Qualifying = New jobs that are 160% of Vermont minimum wage (\$16.80 in 2018), offered certain benefits, FT (35 hours/week), Permanent (not contract, PT, Seasonal), Non-owner (10% or more ownership). (Note: Some regions 140%)
 - Capital investments: will increase total incentive available, but are not required
- Any type of company
- Any size company
- Any sector
- Any location in Vermont

What qualifies for VEGI?

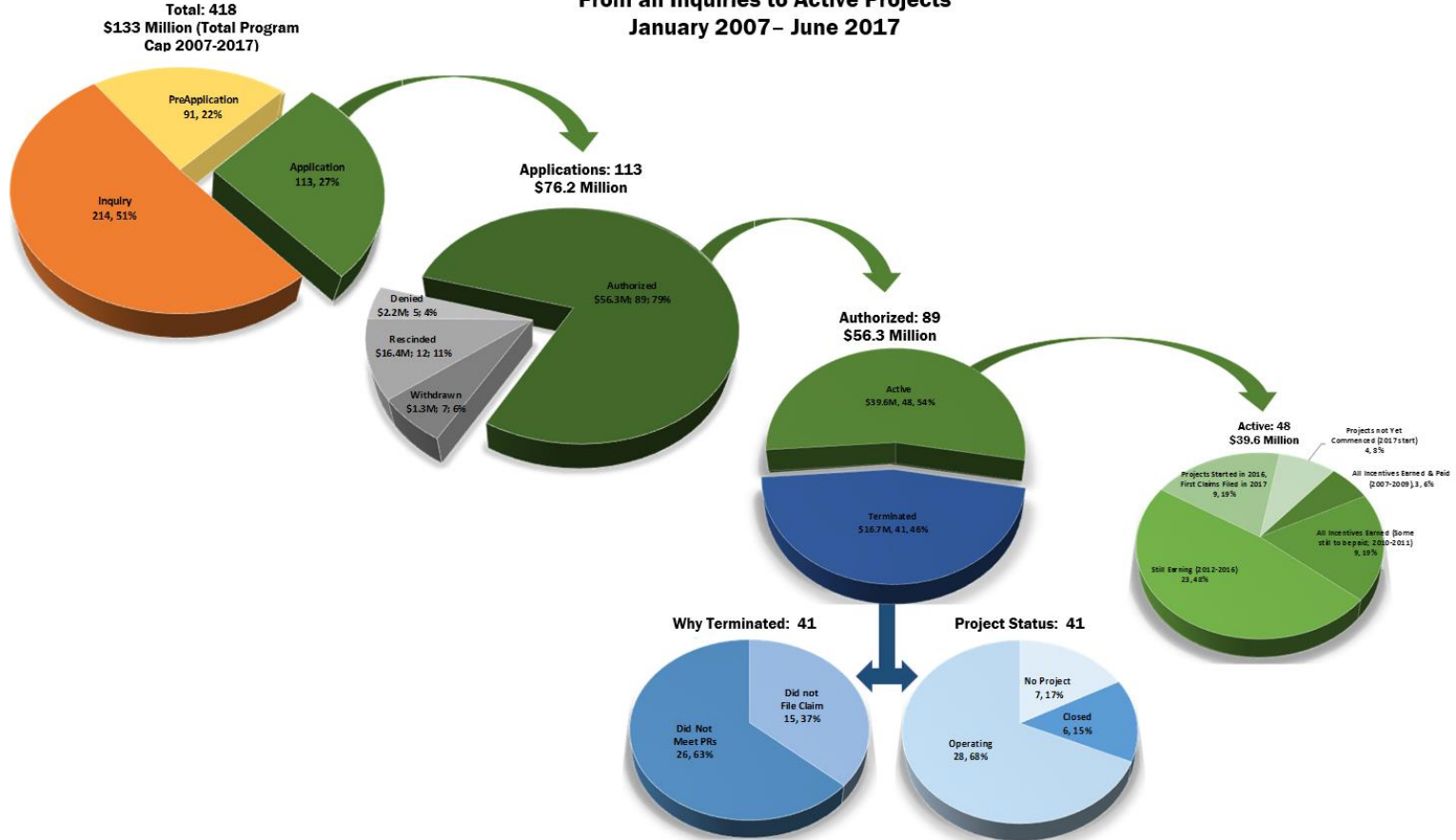
- Fiscal benefits (new tax revenue from all sources) outweigh cost of project and incentive.
- Project welcomed by municipality, complies with local and state laws and regulations, project fits municipal and regional plans, business is not a named party in a state action, and is current on state tax liabilities.
- Incentives cannot provide unfair competition in limited, local market.
- VEPC Board concludes that activity would not occur, or would occur in a significantly different and less desirable manner, except for the incentives.

What enhancements are there?

- Green: Certified by Secretary of Commerce as research, design, engineering, development, manufacturing related to:
 - Waste management;
 - Natural resource protection and management;
 - Energy efficiency or conservation;
 - Clean energy.
- LMA: Located in eligible LMA and approved by VEPC Board.
 - Capped at \$1M/year
 - Must meet LMA Enhancement Criteria
- Both enhancements increase incentive and decrease net return to the state

How many applicants receive incentives?

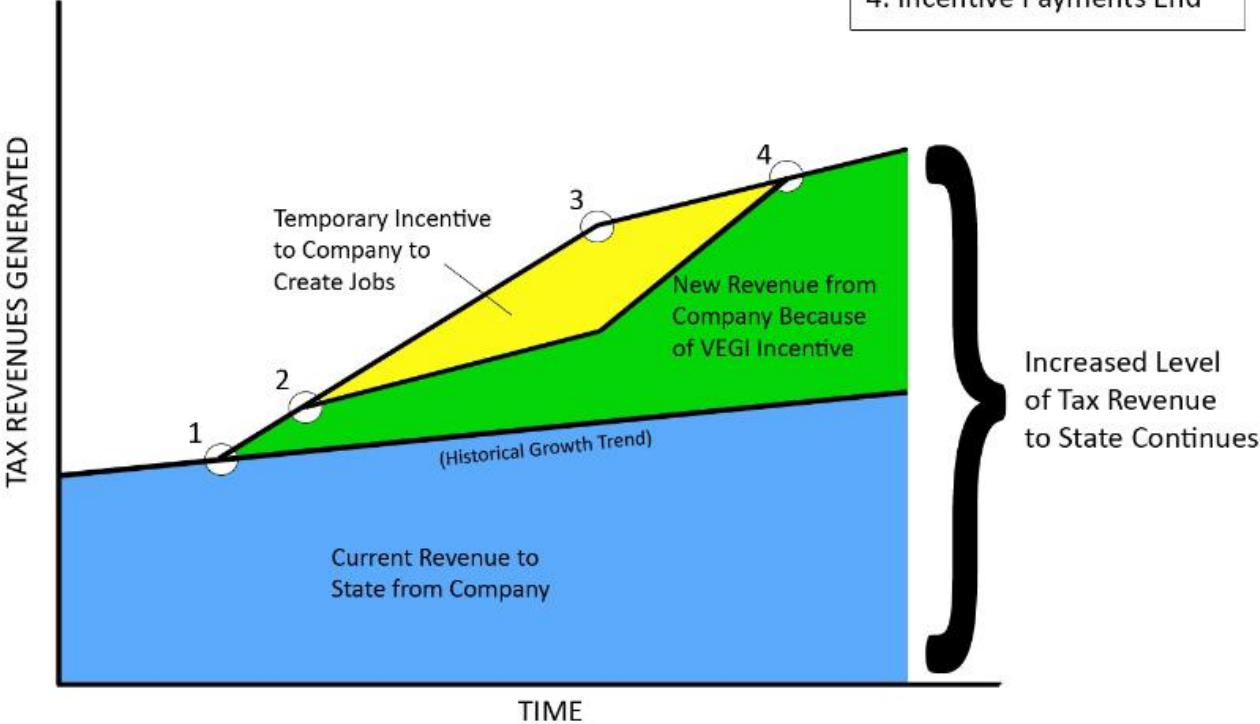
Chart 1: Application Pipeline Data
From all Inquiries to Active Projects
January 2007 – June 2017



Where do incentive dollars come from?

Revenue Impact from Completed VEGI Project

- 1. VEGI Project Begins
- 2. Incentive Payments Begin
- 3. VEGI Project is Completed
- 4. Incentive Payments End



How does payment work?

Theoretical Incentive Payout Schedule											
Year	Jobs	2019	2020	2021	2022	2023	2024	2025	2026	2027	Incentive
2018	15	\$20,890	\$30,518	\$30,518	\$30,518	\$30,518					\$152,592
2019	10		\$610	\$19,852	\$19,852	\$19,852	\$19,852				\$99,259
2020	5			\$2,614	\$9,116	\$9,116	\$9,116	\$9,116			\$45,582
2021	0				\$0	\$0	\$0	\$0	\$0		\$0
2022	0					\$0	\$0	\$0	\$0	\$0	\$0
Total	30										\$297,433

What limits are there?

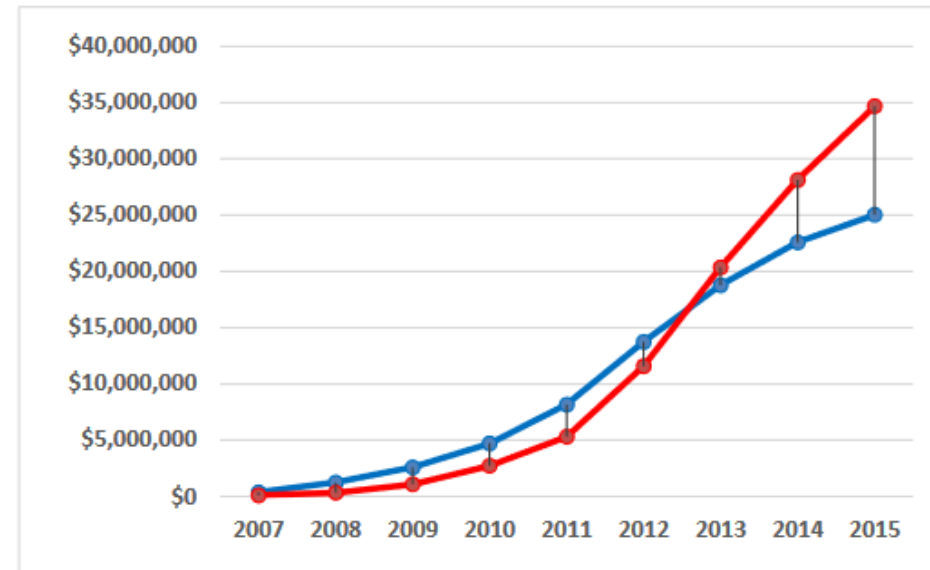
- Annual program cap of \$10M
- LMA enhancement cap of \$1M
- Incentive can never exceed benefit to State
- Payments stop to businesses that do not meet performance requirements

Actual data for 2015

- 773 new qualifying employees (against 278 projected)
- \$39M in new qualifying payroll (\$13M projected)
- \$50,682 average wage
- \$88M in new qualifying capital investment (\$28M projected)
- \$3.4M incentives paid (\$4.6 projected)
- \$6.5M net revenue benefit to the state (\$2.4 projected)

Chart 10: NET REVENUE TO THE STATE

Through 2015	PROJECTED	ACTUAL	25% MORE REVENUE
	\$25,031,055	\$34,684,073	



2017 Approvals

- Total projected new qualifying jobs: 324
- Total projected new qualifying payroll: \$15M
- Total projected capital expenditure: \$97M
- Total projected net revenue benefit: \$2.5M

Company/project	Max Incentive	Enhancement	Location
Vermont Precision Tool	\$ 333,263		Swanton
Kingdom Pellets, LLC	\$ 276,290	LMA/Green	Lunenburg
Commonwealth Dairy, LLC	\$ 307,407		Brattleboro
Lawson's Finest Liquids	\$ 1,420,630	LMA	Waitsfield
GS Blodgett Corp	\$ 643,469		Essex
Logic Supply, Inc./Greenfield Capital, LLC	\$ 757,684		South Burlington
Winooski, LLC/DealerPolicy, LLC	\$ 92,529		Colchester

Proposed VEGI Changes

- Small business/start-up enhancement
- L3C/benefit corporation enhancement
- Addition of clean water technology to green enhancement
- LMA cap removal
- Removal of workforce training enhancement
- Addition of option for payment installment consolidation with recapture