THE WONDERFUL WORLD OF ACRONYMS

<u>Vermont Employment Growth Incentive Program: VEGI and VEPC</u>

I. Organization

1. Vermont Economic Progress Council (VEPC) is an 11-member board supported by ACCD
    a. 9 members appointed by Governor;
    b. 1 House member
    c. 1 Senate member
2. VEPC oversees the VEGI program and the TIF program (tax increment financing)
3. VEPC maintains the cost-benefit model

II. VEGI Incentives

1. A VEGI incentive is a direct cash payment to a business that meets certain performance requirements for:
    - new qualifying jobs ("jobs performance requirement"); and
    - new payroll ("payroll performance requirement"); and/or
    - new capital investment ("capital investment performance requirement")

2. The business submits an application to VEPC specifying the performance requirements the business aims to achieve each year, for up to 5 award years.

3. VEPC approves an *application* if it meets certain criteria, including:
    - The benefits to the State outweigh the costs to the State
    - "But for" the incentive, growth wouldn't happen or happen as favorably

4. The Council calculates the value of an incentive for each award year (see § 3333).
    - Calculate net new revenue (A)
    - Calculate business's potential share (B) = A x 80%
    - Calculate incentive percentage (C) = (A) / sum of payroll performance requirements (PPR)
    - Calculate qualifying payroll (D) = PPR – background growth
    - Calculate value of incentive = (D) x (C)
    - Divide by Five ~~ because incentive is paid over five year installments

5. The business earns the incentive for an award if:
    - Maintains base payroll and base employment
    - Meets or exceeds PPR for the award year; and
    - Meest or exceeds the JPR, CIPR, or both

6. Business submits a claim to Dept. of Taxes annually by April 30
    - Incentive payments are made directly in cash
    - The business gets a payment worth 20% of the total incentive each year for five years, provided it earns the incentive and maintains growth
    - Total possible time frame is 9 years = five possible award years, plus 20% payments in each of the four years following the final award year

7. Recapture, reduction, repayment
8. Reporting; confidentiality;
9. Enhanced incentives – LMA, Env. Tech
10. Annual program cap
    - Calendar year caps of $15m for initial approvals and $10m for final approvals
    - Final approvals cap may be increased up to $5m upon application to Governor and approval by Joint Fiscal Committee (JFC)
    - JFC considers economic and fiscal condition of State; VEPC must provide information to JFC

Vermont Economic Development Authority (VEDA)

1. VEDA is a State-created public instrumentality of the State with a CEO and other executive officers overseen by a Board of 15 voting members
    a. ACCD, Treasurer, AAFM, FPR, PSD
    b. 10 members appointed by Governor with consent of Senate
2. VEDA is a statewide economic development finance lender that operates with its own funds and is generally independent of State General Funds
3. VEDA provides loans for commercial financing, energy financing, agricultural financing, infrastructure, and others;
4. VEDA does have a statutory limit on the amount of loans outstanding and is authorized to issue revenue bonds and bonds backed by the moral obligation of the State
5. VEDA and VCET