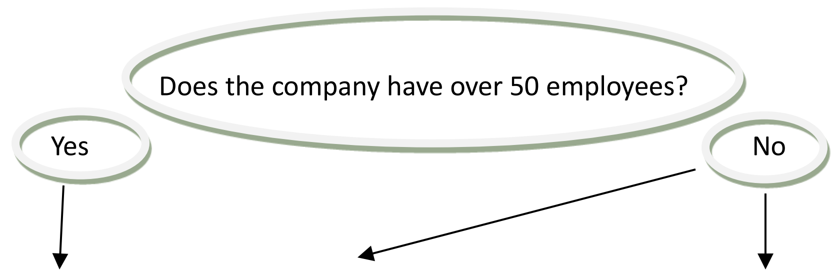
Vertmont Employment Growth Incentive

Purpose: The purpose of the Vermont Employment Growth Incentive Program is to generate net new revenue to the State by providing incentives to a business for adding new payroll, new jobs, or new capital investment it otherwise would not have without the incentive. This is not a grant program.



	Traditional VEGI	Forgivable Loan Tract via VEDA (PROPOSAL)
Incentive Amount	80% of a business's calculated NFI based on capital improvements and employment growth above background levels.	20% of total capital improvements up to $1m OR $5k per new qualifying employee for a 3-year period, less the interest payments on the loan.
Enhancements Available	-Environmental technology business -Located in an area with higher than average unemployment or lower than average wages	No enhancement.
Commitment Period	(CURRENT) 5 years of targets, each year's targets must be maintained for 5 years. 9-year total commitment. **(PROPOSAL) <u>3 years of targets, each year's targets must be maintained for 3 years. 5-year total commitment.</u>**	3 years
Payment schedule	(CURRENT) Based on hitting targets for each of 5 award years and maintaining each year for an additional 4 years. Each approved year is paid out	Upon all targets for a 3-year period being met, the loan principle is forgiven.

	in 5 increments over 5 years. In total, the incentive is paid out over 9 years. **(PROPOSAL)** **<u>Based on hitting targets for each of 3 award years and maintaining each year for an additional 2 years. Each approved year is paid out in 3 increments over 3 years. In total, the incentive is paid out over 5 years.</u>**	
$ received	After performance targets are met and maintained.	Up front, working capital upon VEDA's approval.
But-For	The proposed economic activity would not occur, or it would occur in a significantly different manner that is significantly less desirable to the State.	The proposed economic activity would not occur, or it would occur in a significantly different manner that is significantly less desirable to the State.
Failure to meet targets	No incentive awarded for the year(s) when the target is not met.	The loan is not forgiven, and the principal must be repaid to VEDA per the loan agreement with VEDA.
Authorizing body	But-for determination: VEPC Monitoring: Department of Tax	But-for determination: VEPC Underwriting: VEDA Monitoring: VEDA (cap x) and Department of Tax (employment growth)
Money requested	It is a tax expenditure/foregone revenue accounted for, not an appropriation.	$350,000 appropriation is recommended in the Governor's budget for VEDA loan-loss reserve due to risk structure.