

# HOW VEGI WORKS

VT Economic Progress Council



VEPC Authorizes Company to Earn VEGI Incentive \$885,000

**Company Meets Statutory Requirements**

- Activity will not occur, or will occur in a materially different way, except for the incentives
- Company/ Project meets guidelines.
- Net Revenue Benefit

No tax Dollars go to company when authorized



Company Does Project Because of Incentives



NET REVENUE BENEFIT TO SOV: \$650,000 (after 5 years)

**INCENTIVE \$885,000**

Incentive earned only if base payroll and employment is maintained and targets are met and maintained. Earned over 5 years, paid out over 9 years.

**5 YEAR EARNING PERIOD:**

NEW EMPLOYEES: Net Incremental Payroll \$3.4 Million

Sales	Engineers	Executives	Production	Administration	TOTAL JOBS
\$85,000	\$70,000	\$56,000	\$44,000	\$34,000	
X 2	X 18	X 10	X 32	X 8	70

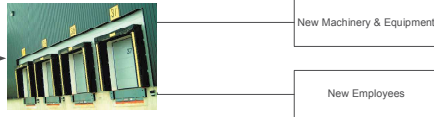
MACHINERY & EQUIPMENT INVESTMENTS: \$3 Million



FACILITY CONSTRUCTION & IMPROVEMENT INVESTMENTS: \$7.5 Million



NEW BUSINESS TO BUSINESS RELATIONSHIPS



NOTE: All dollar estimates are present value and represent a single application example.

**Revenue Benefits and Costs to the State**

**Incremental Tax Revenues from Project:**

- Payroll
- Sales & Use
- Rooms & Meals
- Transportation & Fees
- Health Care
- Unemployment Insurance
- Corporate and Individual
- Property

**Total New Revenue to SOV:** \$2.2 Million over 5 years

**Incremental Revenue Costs Due to Project:**

- Per Person General Fund Costs
- Per Pupil Education Fund Costs
- Per Person Transportation Fund Costs

**Revenue Costs to SOV:** \$675,000 over 5 years

Incremental Tax Revenues



**NEW NET TAX REVENUES \$1.5 M over 5 Years**

Annual Claim Reviews by Tax Department  
Targets must be met to earn incentive. If earned, each annual incentive pays out over 5 years.

Targets not met or maintained or project does not occur. No incentives are paid or incentive installments are stopped.