

Vermont Employment Growth Incentive (VEGI)

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Vermont Economic Progress Council (VEPC)

- An independent board of Vermont citizens, nine appointed by the Governor and two appointed by the General Assembly (Sen. Wendy Harrison and Rep. Abbey Duke)
- There are also two non-voting representatives from each region, one designated by the regional development corporation and one by the regional planning commission.
- Approval body for the Vermont Employment Growth Incentive (VEGI) program, the Tax Increment Financing (TIF) program, and the Community and Housing Infrastructure Program (CHIP).
- 3 FTE: One Executive Director, One Program Manager, One CHIP Specialist.
- VEPC receives administrative support from the Agency of Commerce and Community Development and the Department of Taxes.

Legislative Purpose of VEGI

“The statutory 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 jobs, and make new capital investments...”

32 V.S.A. §3325-3342.

How VEGI Works



Businesses apply for the incentive outlining proposed job creation, wages, and capital investment



VEPC works with the State's economist to analyze the economic impact, net fiscal benefit, and determine eligibility



Awards are made **after the business meets the agreed-upon performance benchmarks**. The incentive is applied as a credit against the firm's withholding tax.



The Dept. of Taxes verifies whether approved applicants achieve payroll or investment targets to receive the incentive.

VEGI is a Tax Expenditure

“Tax expenditures are statutory provisions that reduce the amount of revenue that would otherwise be collected to encourage a particular activity or limit the amount of taxes collected from certain persons”

[-JFO Tax Expenditure Report, 2025](#)

- 2023 Individual Income Tax Expenditures: **\$377,889,009**
- VEGI as a percentage: **0.6%**

1.600	Other Personal Income Tax Expenditures
1.601	Vermont Employment Growth Incentive Program
Statute:	32 V.S.A. § 3325-§ 3342
Enacted:	2007, 2015
Statutory Purpose:	32 V.S.A. § 3330
	The statutory 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 jobs, and make new capital investments and sharing a portion of the revenue with the business.
	The Vermont Economic Progress Council may approve an incentive paid from the incremental tax revenues generated by estimated economic activity. The Department of Taxes verifies whether approved applicants achieve payroll or investment targets in order to receive an incentive. If approved, the incentive is applied as a credit against the firm's withholding tax due. Because incentives are awarded and then paid out incrementally, for the purpose of this report incentives paid over the five-year period of 2018 to 2022 are shown below. The values of these incentives are available in the Vermont Employment Growth Incentives Program 2024 Annual Report.

Year	2018	2019	2020	2021	2022
Incentives Paid to Companies	\$2,520,666	\$2,703,939	\$3,211,750	\$1,965,507	\$2,442,641

VEGI Impact (2015-2023)



\$170M

New Capital Investment



640

Jobs Created



\$43.7M

New Qualifying
Payroll



\$68,326

Average
Wage

This data provides a summary of the activity from all active approved program participants meeting and maintaining all payroll and job performance targets.

VEGI Impact (2007-2023)



\$1.2B

New Capital Investment



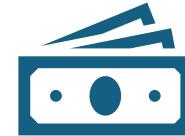
10,000+

Jobs Created



\$613M

New Qualifying
Payroll



\$41.5M

Incentives paid
2007-2023

For every dollar spent on VEGI from 2007-2023 on earned incentives, at least an additional \$42.70 has been generated in payroll and capital investment that otherwise would not have occurred.

Incentives Matter

Weidmann Electrical Technology, St. Johnsbury

- VEGI was integral in Weidmann's decision to expand its facilities in Vermont, and not out of state.
- \$43M project underway, 67 new jobs, ripple effect through the economy supporting the businesses they purchase materials from.
- Using local contractors at all stages of the build



S. 327

VEPC supports the elimination of the sunset on VEGI. Repeal of the sunset creates a more sustainable program structure and provides predictability for employers and the State.

VEPC supports continued annual reporting and program evaluation by the Legislature.

Making VEGI permanent provides opportunities for VEPC to focus on program improvements rather than legislative renewal.

VEPC has not reviewed the Employee-Owned Business Enhancement Incentive language since the last legislative session.

Closing Thoughts

The VEGI program has rigorous accountability and oversight via:

- Strong statutory safeguards already in place
- Regular reporting to the Legislature
- Performance verification and rigorous evaluation of payroll target achievement via the Tax Department – BEFORE incentives are paid.

Questions?

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