

VERMONT EMPLOYMENT GROWTH INCENTIVE QUALIFYING JOB AND WAGE THRESHOLD

For a new job to be considered “qualifying” under the VEGI program and therefore for the new payroll generated by that new job to be counted in the incentive calculation, the new job must meet the definition of “qualifying,” which is defined in Vermont statute (VSA 32 §3331(9)) as:

- **New:** The job is new in Vermont, not moved from another Vermont operation or replacing recently vacated or terminated positions (NOTE: If position is filled by an existing employee, it can be counted as new and incremental only if existing employee’s previous position is backfilled);
- **Full-time:** Will work 35 or more hours each week;
- **Permanent:** Will not be seasonal, temporary, contract, or agency;
- **Non-owner:** Will have less than a 10% ownership interest in the applicant company;
- **Vermont Employee:** Will *work* in Vermont and applicant company will pay W-2 wages and withhold and remit payroll taxes to the State of Vermont on behalf of the employee (residence outside Vermont does not disqualify an employee);
- **Earning *above the VEGI Wage Threshold*** for the year in which the project starts (**see details below**).
- **Receiving Employer-Supported Benefits:** Will be eligible for *at least three* of the following employee benefits provided by the employer:
 - (A) **Health care:** employer pays at least 50% of an employee’s health care costs or at least 50% of the employee’s health care insurance premium;
 - (B) **Dental assistance:** employer pays a portion of an employee’s dental care costs or a portion of the employee’s dental care insurance premium;
 - (C) **Paid vacation:** employer provides wages or salary for vacation days taken by employee;
 - (D) **Paid holidays:** employer provides wages or salary for scheduled holidays taken by the employee;
 - (E) **Child care:** employer provides free on-site child care or pays for some portion of employee child care expenses directly, as a reimbursement, or through a contribution to an employee assistance program.
 - (F) **Other extraordinary employee benefits:** employer pays some portion of some other employee benefit. “Extraordinary” means a benefit that substantially impacts an employee. Examples of extraordinary benefits include: tuition assistance or reimbursement, adoption assistance, short and long term disability insurance with premium paid by employer, accidental death and dismemberment insurance with premium paid by employer, life insurance with premium paid by employer, vision care costs or insurance premium paid by employer, bonus pay, profit sharing, transportation subsidies, or substantial recreation benefits such as a season ski pass, year-long gym membership or equivalent. Benefits that will not be considered extraordinary are things such as flex

time, work related shoes or clothing, on site services such as credit unions, gyms or massages, employee assistance programs, parties, products or product discounts.

(G) **Retirement benefits:** employer makes a contribution to some type of employee retirement account each pay period;

(H) **Other paid time off, excluding mandatory paid sick leave:** employer provides wages or salary for leave, above and beyond vacation, holiday, or mandatory sick leave, taken by employee. This can include, but is not limited to, paid leave stated as a policy for paid maternity, paternity, adoption, bereavement, family emergency, jury duty, military service, and community volunteering.

VEGI Wage Threshold

The VEGI Wage Threshold that applies to a project is either 160% or 140% of the Vermont Minimum Wage for the year in which the project commences, depending on the Labor Market Area (LMA) in which the project will occur.

However, the Wage Threshold in effect for the year a project commences is the effective Wage Threshold for the duration of an approved project. For example, a project commencing in 2021 in an LMA eligible for the 140% threshold has a VEGI Wage Threshold of \$16.45/hour. That threshold applies to the new jobs created in 2021 and any subsequent year approved for incentives (up to five years).

To determine which VEGI Wage Threshold (140% or 160% of Vermont Minimum Wage) applies to your project and the Wage Threshold for your project:

Step 1: Determine the Labor Market Area for your project using the lists or map in this [document](http://www.vtlni.info/lmadef2015.pdf):

Step 2: Determine the Wage Threshold (140% or 160% of Vermont Minimum Wage) for the LMA in which your project will occur using this list:

For applications filed during the period July 1, 2024 to June 30, 2025:

LMA's Eligible for 140% of VT Minimum Wage

Barre-Montpelier LMA
Bennington LMA
Brattleboro LMA
Colebrook NH-VT (VT part)
Derby LMA
Highgate LMA
Littleton NH-VT (VT Part)
Manchester LMA
Morristown-Waterbury LMA
Newbury LMA
Northfield-Waitsfield LMA
North Adams, MA-VT (VT part)
Randolph LMA
Rutland LMA
Springfield LMA
St Johnsbury LMA

LMA's Eligible for 160% of VT Minimum Wage

Burlington-South Burlington LMA
Lebanon NH LMA (Vt Part- WRJ)
Middlebury LMA
Woodstock LMA

Step 3: Determine the hourly Wage Threshold for the year your project commences using to the calculations below:

Minimum Wage and VEGI Wage Thresholds:

<u>Year</u>	<u>Vt Minimum Wage</u>	<u>Threshold Calculation</u>	<u>VEGI Wage Threshold</u>
2017	\$10.00	X 160% = \$16.00 =	\$16.00
2017	\$10.00	X 140% = \$14.00 =	\$14.00
2018	\$10.50	X 160% = \$16.80 =	\$16.80
2018	\$10.50	X 140% = \$14.70 =	\$14.70
2019	\$10.78	X 160% = \$17.25 =	\$17.25
2019	\$10.78	X 140% = \$15.09 =	\$15.09
2020	\$10.96	X160% = \$17.54 =	\$17.54
2020	\$10.96	X140% = \$15.34 =	\$15.34
2021	\$11.75	X 160% = \$18.80 =	\$18.80
2021	\$11.75	X 140% = \$16.45 =	\$16.45
2022	\$12.55	X 160% = \$20.08 =	\$20.08
2022	\$12.55	X 140% = \$17.57 =	\$17.57
2023	\$13.18	X 160% = \$21.09 =	\$21.09
2023	\$13.18	X 140% = \$18.45 =	\$18.45
2024	\$13.67	X 160% = \$21.87 =	\$21.87
2024	\$13.67	X 140% = \$19.14 =	\$19.14
2025	\$14.01	X 160% = \$22.42 =	\$22.42
2025	\$14.01	X 140% = \$19.61 =	\$19.61

[Note: Wage Threshold beyond 2018 is dependent on Vermont Minimum Wage, which, for 2019 and 2020 was tied to the CPI. Act 86(2019) of the Vermont General Assembly established a Vermont Minimum Wage of \$11.75 for 2021 and \$12.55 for 2022. Beginning 2023, the Vermont Minimum Wage will increase annually by 5% or the percentage increase of the CPI, whichever is smaller.]

Why is this part of the program? When the VEGI program was enacted, the Vermont General Assembly included a minimum wage threshold for the jobs that would be eligible for the incentive calculation.

Calculation and utilization of annual wage threshold:

1. Annual calculation of minimum Wage Threshold:

- a. The Council will recalculate the VEGI Wage Threshold annually following the publication of the Vermont Minimum Wage (January) and annual average unemployment rates (April) by the Department of Labor. The VEGI Wage Threshold remains in effect for all Final Applications considered during each calendar year.
- b. The Council will use the following formula, based on the announced Vermont Minimum Wage, to determine the annual VEGI Wage Threshold for applications considered each calendar year:
 (Vermont minimum wage) times (160% or 140%), rounded to the nearest cent.

For example: For 2025, the official Vermont minimum wage will be \$14.01/hour. Therefore, $\$14.01 \times 160\% = \$22.42/\text{hour}$.

2. **Determination of wage threshold for each applicant:** The Council may, in accordance with 32 V.S.A. §3331(12), determine a wage threshold that is greater than the minimum wage threshold for each applicant. However, the minimum VEGI Wage Threshold applies to all applicants.
3. **Impact of wage threshold on an approved application:** The wage threshold determined for the applicant (or the minimum wage threshold if a greater wage threshold is not determined by the Council) that is in effect on the date that a Final Application is approved, and therefore, incentives are authorized, is the wage threshold for all new jobs created during all years of that application's authorization period. The wage threshold does not escalate each year of the authorization period even if the Vermont minimum wage goes up.
4. **Determining if a potential job meets the Wage Threshold at the time of application for VEGI:** A particular job and the projected payroll for that job meets the VEGI Wage Threshold and can therefore be included on the application as a "qualifying job" *only if* the *annualized* Vermont gross wages for that job divided by the number of hours to be worked per year is **greater than** the minimum VEGI Wage Threshold in place for the application year or the Wage Threshold determined by the Council, whichever is greater. If the new employee will not earn an hourly wage that is greater than the VEGI Wage Threshold when hired, depending on when the person was hired during that year, the job may still be eligible as a "qualifying" job if the annualized Vermont gross wage to be earned for the year, divided by the number of hours to be worked, is greater than the Wage Threshold. The employee must also be eligible for employer supported benefits as outlined above.

For example, an applicant proposes a project starting in 2025 in an LMA with a Wage Threshold of \$19.61. An employee will be hired in January 2024 at \$19.50/hour for the first 26 weeks of the year and earn \$20.00/hour for the second 26 weeks the year. The total annualized wages for this employee are \$41,080. Divided by 2080 (40 hours per week for 52 weeks) is \$19.75/hour, which is greater the 2024 Wage Threshold of \$19.61 for the LMA. Even though the starting wage is below the VEGI Wage Threshold, this employee qualifies.

If the employee will be hired in 2025 at \$19.00/hour and will stay at that wage for 40 weeks and then will earn \$19.61 per hour for the remaining 12 weeks, that is \$39,812 for the year or an average of \$19.14 an hour, which would not qualify.

If the applicant company's Activity Commencement Date is July 1, 2025, the new employee could not be hired until after July 1, 2025. The actual wages paid for 6 months, divided by the hours to be worked must be greater than the Wage Threshold. For example, the new employee would be hired at \$19.61/hour and work 40 hours per week for the remainder of the year. The expected actual wages earned by this employee for 2025 would be \$20,394.40 (26 weeks x 40 hours x \$19.61) and the employee is qualifying.

If the employee will be hired on July 1, 2025 at \$19.00/hour for a 16-week training period and then will earn \$19.61/hour for the remaining 10 weeks of the calendar year, the total wages paid will be \$20,004, which would not qualify ($\$20,004/1040 = \$19.23/\text{hour}$).

For salaried employees, the minimum wage threshold is calculated as follows: (Wage threshold) times (40 hours) times (52 weeks), rounded to the nearest dollar. Therefore, based on the 2025 Vermont Minimum Wage, the minimum salary would be: \$40,789 for projects in LMAs at the 140% rate and \$46,634 for projects in LMAs at the 160% rate. If a salaried employee works less than 40 hours per week, the annual salary divided by the number of hours worked per year must be greater than hourly rate for the year and LMA.

5. **Determining if the payroll for an actual new job created will qualify at the time of filing a VEGI Claim:**
If a company is authorized by VEPC to earn VEGI incentives, they are required to file a claim each year with the Vermont Department of Taxes to claim the incentive. The claim includes submittal of an Excel Workbook detailing employment and payroll, including pay and hours worked. The Department of Taxes will utilize this data to determine if a new job is actually new (incremental) and if the individual job meets the Wage Threshold qualification. They will use the same methodology as outlined above (basically total pay divided by hours worked) to determine eligibility. If the average wage for a new full-time job is *at or below* the VEGI Wage Threshold in effect for the year in which the company's Final VEGI Application was approved, the job is considered *Non-qualifying* and the job and payroll *will not* count toward the Qualifying payroll and Qualifying Job performance requirement for that year. If it is *above* the VEGI Wage Threshold, the payroll will be eligible. The Claimant will also self-certify that each new qualifying employee is eligible for three of the eight qualifying benefits.