VERMONT

VERMONT ECONOMIC PROGRESS COUNCIL

VERMONT EMPLOYMENT GROWTH INCENTIVE
QUICK PROGRAM FACTS

- **THIS IS AN INCENTIVE PROGRAM.** The "I" in VEGI stands for ***incentives*** and the purpose of the program is just that. The cash incentive is meant to induce job and payroll growth and investments which are beyond the normal or background growth of the applicant's industry and which would not occur, or would occur in a significantly different and significantly less desirable manner, unless an incentive is authorized. This is not an up-front grant, loan, or financing program. The incentive is paid out over several years once earned.

- **THE INCENTIVE IS IN THE FORM OF A CASH PAYMENT.** This is not a tax incentive program offering tax credits. If incentives are authorized and annual performance requirements are met, the company earns the incentive, which is then paid out in cash installments over five years, if the performance requirements are maintained.

- **APPROVAL AND AUTHORIZATION IS REQUIRED.** To earn VEGI incentives, applicants must apply to VEPC and be authorized to earn the incentives, based on statutory criteria.

- **REQUIRES CREATION OF QUALIFYING JOBS AND PAYROLL.** The purpose of the VEGI program is the creation of incremental qualifying jobs and payroll in Vermont. "Qualifying employees" are full-time (35 or more hours per week), permanent (not seasonal, part-time, agency, contract), non-owner, Vermont employees whose wages meet the VEGI Wage Threshold for the region in which the project will occur.

- **CAPITAL INVESTMENTS CAN INCREASE THE INCENTIVE.** The incentive percentage, which is part of the incentive calculation, is based on ***all*** incremental tax revenues generated by a project, including those generated by capital investments (new property taxes, sales and use taxes, etc.). So, capital investment as part of a project may increase the incentive amount, but a project ***must*** include the creation of new, qualifying jobs.

- **NO RESTRICTIONS ON SIZE, TYPE OF BUSINESS.** Any business that can meet the program approval criteria and will create new, qualifying jobs may apply. However, a project that has already occurred or that would occur regardless of the incentive is not eligible. Jobs, payroll and capital investments that do not meet the program thresholds or requirements are not eligible. Also, businesses that serve only a limited, local market may not be eligible.

- **NO RESTRICTIONS ON TYPE OF ECONOMIC ACTIVITY.** The program is available to any company that can meet program approval criteria, whether they are relocating to Vermont, creating a new business in Vermont, growing an existing business in Vermont or growing a division that is located in Vermont.

- **NO GAIN, NO PAY.** Even if incentives are authorized, if annual performance requirements are not met, no incentives can be earned or paid out. Base payroll must be maintained and the payroll and either headcount or capital investment performance requirements must be met each year to earn the incentive and then maintained to continue receiving incentive installments. The performance measures are set by the applicant in their Final Application. Performance requirements must be met by December 31 of each year. If an application is authorized mid-year for a project that starts that year, the performance measure deadline is still December 31 of that year. The Year 1 measures must be met by December 31.

- **NO RECAPTURE REQUIRED.** Because the incentive earned each year is paid out in five annual installments, no recapture is required under this program, except in extreme circumstances. Instead, if a company fails to meet annual performance requirements, no incentive is earned and if they fall below a previously met measure for which an incentive was earned, the installments stop. Recapture is only required if a company falls below 10% of the full-time employment level at the time of application. Recapture, or a curtailment of installment payments, may also be required if all capital investments are not made by the end of the authorization period.

- **"MOVING THE DECK CHAIRS" DOES NOT QUALIFY.** Incentive authorization and annual incentive claims will be closely scrutinized to prevent authorization or allowance of incentives for the movement of existing Vermont jobs among separate divisions or facilities of the same company.

- **NEW EMPLOYEES MUST BE NET NEW TO THE COMPANY.** To be counted as new qualifying jobs, the jobs must be above and beyond employees that are added to fill vacant positions or to make up for attrition. Also, the company must maintain base payroll for new jobs and payroll to be considered incremental.