



## VERMONT ECONOMIC PROGRESS COUNCIL

---

### MEETING MINUTES MAY 30, 2024 HYBRID 9:30 A.M. TO 12:00 P.M.

**Members Attending In-person:** Chair John Russell; Jamie Stewart; Michael Keane; Mark Nicholson;

**Members Attending Virtually:** Rep. Stephanie Jerome, Rachel Smith, Thad Richardson, Mike Donohue

**Members Absent:** Kim Gobeille, Sen. Wendy Harrison, Rep. Heather Chase

**Staff Present:** Jessica Hartleben, Executive Director; Ellie Beckett, Program Manager

**Others Present:** Jeff Carr, President & Senior Economist, EPR; John Young, Vermont Training Program, DED; Sam Anderson, GBIC; Alex Demoly, GBIC

#### **9:32 a.m. Roll Call and Agenda Review**

Chair John Russell called the meeting to order. Members present are noted above. Chair John Russell inquired as to any additions or deletions to the agenda, hearing none, moved on to the next agenda item.

#### **9:33 a.m. Minutes – March 28, 2024 Regular Meeting**

Chair John Russell inquired as to any corrections or changes to the draft meeting minutes for the March 28, 2024, Regular Meeting. Hearing none, requested a motion.

**At 9:34 a.m.** Michael Keane moved to accept the minutes of the March 28, 2024, Regular Meeting. Jamie Stewart seconded the motion. Chair John Russell inquired as to further discussion, hearing none requested a roll call for the vote. The motion passed unanimously. 8-0-0

#### **9:35 a.m. Public Comment**

Chair John Russell inquired as to whether any members of the public present wish to provide public comment or announcements, hearing none, moved to the next Agenda item.

#### **9:35 a.m. Overview of the Cost Benefit Analysis**

Jeff Carr, President & Senior Economist, EPR

Jeff Carr provided an overview of the mechanics of the Cost Benefit Analysis used to calculate the potential incentives for VEGI applicants. The structure has not been changed since 1997 when Jeff Carr and Tom Kavet (State Legislative Economist) developed it.

VEGI utilizes the “REMI Model” to perform the cost-benefit analysis. REMI is a computable general equilibrium input-output model. REMI is considered a national standard for economic incentives and public utility proceedings. It is as accurate an assessment of what an economic stimulus could do to the economy as is possible. It’s a comprehensive and diligently run model and works as intended.

The model takes applicants info and shows the addition to the VT economy – new jobs, new payroll, and new capital improvements made. It asks if this expansion project is done according to the way the applicant says it will be done, will it result in additional jobs and investment? Importantly, the program provides performance-based incentives; if you don’t do what you say you’ll do, you could lose the incentive or not earn it.

In the model, there are also things put in place as part of original conceptual design that is there because the but-for isn’t infallible; VEPC does not provide incentive for the first dollar of additional payroll or capital investment. When it comes to payroll, VEGI uses a background growth rate. The industry background growth rate are constructed by each industry using the Quarterly Census of Employment and Wages from the U.S. Bureau of Labor and Statistics, which captures more than 95% of U.S. businesses who must report their job numbers and salaries every quarter.

For more detailed information on the model itself, please see [this handout](#), which can be found in the SharePoint folder with this meeting’s materials.

The statute requires that VEPC brings modifications to JFC and JFC approves any changes to the model. Currently, the background growth rate needs to be updated. There isn’t consensus between Jeff and Tom on the next cycle to be implemented. The lack of consensus surrounds concerns over inflation and wage increases post-COVID. Right now, the background growth rate uses the previous 2 cycles through 2009.

VEGI is targeted to identify relatively small companies that are going from 10-15 employees to 200 in the next 5 years, and this was intended to incent those. These are the “job generating gazelles”. Primary driver of economic progress is coming from these types of companies. VEGI is designed to help smaller, more dynamic companies poised for growth.

The Council inquired as to whether it’s time to commission another technical working group study of the VEGI program. Jeff opined that if there are specific questions that are answerable through a technical review, it’s never a bad idea to review program performance. However, if the questions are policy-related rather than technical, the review has to be done with the legislature and ACCD.

The Council discussed the question around background growth rate and thought that moving to a state average or a company-specific growth rate (rather than the current industry rate) would result in a disincentive for non-MSA counties and a disadvantage to the new and fast-growing companies the program is designed to assist.

VEPC staff intends to improve communication between VEPC and the legislature about the programs we currently administer and potential other incentives in the future that could incentivize different types and sizes of economic activity. We need to move away from VEGI being the only tool to incentivize businesses in Vermont. VEPC supports and has the capacity to administer programs better tailored to the diverse business economic ecosystem in the state. VEPC sees its role as continuing to have conversations with the legislature about the need to create policies that encourage economic growth.

There was a healthy discussion among council members about the role of VEPC in creating new incentive programs, the role of the legislature in supporting economic development and the mission of the Council, and the role of the administration in advocating for proposals to the legislature that support increased economic activity within the state. Active legislative members on the Council will help bridge these gaps going forward.

### **11:01 am. TIF Annual Report Overview**

Executive Director Jessica Hartleben

Jessica asked council members if they had questions about the FY23 Annual TIF Report.

Jessica informed the council that we're going on monitoring visits throughout the month of June to go visit all the districts and then in the fall we'll invite VEPC council members and local legislative representatives so that we can all see the ongoing work.

Spring visits are more "at the desk", the fall is more of an opportunity to showcase the work. VEPC staff will plan to invite the RDCs, legislative members, and the Council.

### **11:15 a.m. Executive Director Updates**

Executive Director Jessica Hartleben provided the following updates to the Council:

- Legislative Update: The only thing to survive in H.10 was the VEGI sunset extension to 1/1/2027
- VEPC Retreat: Wednesday October 30, location TBD
- Several VEGI field trips are scheduled for July
- VEGI Report: due to the Legislature on September 1

- VEGI applications: Potentially 2 to review at June VEPC meeting – currently have a glitch with Agate that will hopefully be resolved soon.
- Ethics Training: all VEPC members are required to take ethics training online. It's about 45 mins. Please do this as soon as you can. We are also having the ED of the VT ethics committee coming to the September meeting. She'll talk to us about the role of the commission, our responsibilities, our ethical obligations as executive branch counsel members.
- Ongoing training for the council: We are intending to invite the Secretary of State's office to a meeting in the Fall to discuss open meeting law. We're open to ongoing training and presenters to keep the council informed about what's going on in the state.

**At 11:34 a.m.** Jamie Stewart moved to adjourn the meeting. Michael Keane seconded the motion. Chair John Russell requested a vote. All voted in favor and the motion passed. 8-0-0.

*Minutes taken by Ellie Beckett: May 30, 2024*  
*Revised by Jessica Hartleben: June 4, 2024*  
*Approved by the Council: June 27, 2024*