

September 22, 2016

To: Vermont Economic Progress Council
From: Chris Lyon, Seventh Generation
Subject: VERMONT EMPLOYMENT GROWTH INCENTIVE; POLICY REVIEW COMMENTS

Thank you for the opportunity to provide commentary on this policy review. The following comments represent the general viewpoints of Seventh Generation in regards to our experience with the VEGI program.

(a) The Vermont Economic Progress Council shall review the following policy questions relating to the Vermont Employment Growth Incentive Program:

(1) whether the enhanced incentives available under the program are appropriate and necessary, including:

(A) an analysis of the growth in the environmental technology sector in Vermont as defined in the enhanced incentive for environmental technology business and whether growth in this sector obviates the need for the current enhancement; and

(B) whether the State should forgo additional net fiscal benefit under the enhancements and whether the policy objectives of the enhancements are met;

As a small business, the administrative workload required for VEGI is not insignificant. The enhanced incentive made the investment of staff resources toward the VEGI process more attractive- had it not existed we may not have proceeded. The VEGI Incentive ultimately was instrumental in our decision making to choose Vermont's economic incentive growth over those available in competing states. From a marketing perspective, we believe that Vermont will benefit most from aligning more closely with businesses that embed environmental & social responsibility in their way of working. The enhanced incentive is a clear statement that Vermont is "open for business" for socially responsible businesses. Increasing businesses with a focus on the Environmental Technology serves to build the talent pool required to grow this sector.

(2) whether and how to include a mechanism in the Program for equity investments in incentive recipients;

Seventh Generation believes that this could be a viable option to explore further.

(3) whether and under what circumstances the Department of Taxes should have, and should exercise, the authority to recapture the value of incentives paid to a business that is subsequently sold or relocated out of the State, or that eliminates qualifying jobs after receiving an incentive;

Seventh Generation believes that the State of Vermont should not look to recoup any investment from organizations except in circumstances where fraudulent information was provided. If an organization does not maintain jobs in Vermont we believe that the recourse

should be the elimination of further benefit recognizing that it is not cost efficient for businesses to sell or relocate simply to gain the benefit. Lastly, in the scenario of an acquisition involving common stock, the state will in fact benefit from the sale as considerable taxes will be recouped.

(4) how to most effectively ensure, through the application and award process, that recipients of VEGI incentives are in compliance with all federal and State water quality and air quality laws and regulations;

We believe that an annual self-certification process paired with the ability to audit should any question arise about the certification would suffice to support good environmental practices.

(5) the size, industry, and profile of the businesses that historically have experienced, and are forecast to experience, the most growth in Vermont, and whether the Program should be more targeted to these businesses;

While consideration for size, type & industry of previous applicants is a good metric to consider in part, we believe that setting a vision for the type of businesses the State would like to foster is the proper way to develop an economy.

(6) changes to the Program to ensure incentives will benefit the creation and growth of more small businesses;

We believe that an enhanced incentive for small businesses with socially responsible focus would yield more participation from small businesses in the incentive. One peer business in VT has continued to look at the relationship between administrative time and cost versus potential incentive and found the incentive not worthwhile. This represents an imbalance that does not support the growth of small business.

(7) whether additional applicant and program data reporting and transparency could be accomplished without damage to applicant businesses; and

For a company such as ours who operated on a global scale, proprietary information is crucial to Seventh Generation's participation. While we embrace transparency heavily our opinion is that strategic plans must remain confidential. Reporting in aggregate is the preferred method.

(8) quantifiable standards for the type, quality, and value of employee benefits that an applicant must offer in order for a new job to count as a "qualifying job" for purposes of the Vermont Employment Growth Incentive Program.

We believe the current benefit reporting requirements are substantial enough to give insight and if altered at all, should focus on a qualitative benefits vision statement to give insight into approach of benefits development.

(b) The Council shall have the authority to designate one or more policy study subcommittees to perform its work pursuant to this section, and shall collaborate with, and have the authority to request data, technical support, and other necessary assistance from, the Agency of Commerce and Community Development and the Departments of Labor and of Taxes.

(c) On or before January 15, 2017, the Council shall report its findings, conclusions, recommendations, and supporting data for legislative action to the House Committees on Commerce and Economic Development, on Ways and Means, and on Appropriations, and to the Senate Committees on Economic Development, Housing and General Affairs, on Finance, and on Appropriations.

Please feel free to reach out with any questions,

A handwritten signature in black ink, appearing to read "Chris Lyon". The signature is stylized with a large initial "C" and a long horizontal stroke.

Chris Lyon
Manager of Community Services
Seventh Generation, Inc

Commercial Sales Meeting Agenda, pg. 2

| | | |
|-------------|---|---------------|
| 3:00 - 4:30 | Channel Meetings (w/brokers) | All |
| 4:30 - 5:00 | Wrap Up with brand & all attendees | Brendan & SLT |
| 6:00pm | Team Dinner, BTV | |

Thurs, July 21

| <u>Time</u> | <u>Topic</u> | <u>Presenter</u> |
|--------------------|--|-------------------------|
| 8:00 - 8:30 | Breakfast | |
| 8:30 - 9:00 | SVG BU & Q&A | Will |
| 9:00 - 9:15 | Wrap Up | |
| 9:30 - 12:30 | Channel Breakouts w/the brand <i>Conversation & working session on channel needs/questions as presented the day before</i> | Agenda to be provided |
| 12:30 - 1:00 | LUNCH <i>(and brokers are free to head home)</i> | |
| 1:30 - 3:30 | Community Meeting LEAD Kick off - diversity activity | Chris Lyon |
| 5:00pm & later | Flights home | |

BROKER'S AGENDA:

Tuesday, July 19th:

Travel to Burlington - Arrive by 1 pm

2:00 – 4:00 Training with our Consumer Science Team – Love our Products: Philosophy, Formulas, Indoor Air Quality

4:00 - 4:30 Check in to hotel / break

4:30 - 8:00 Drinks & Dinner with Sales Team in the Intervale

Wed, July 20th:

8:30 – 5:00 All Day meeting & channel break outs (with breakfast & lunch included)

5:45

Thursday, July 21st:

8:30 – Noon ½ Day meeting (with breakfast & lunch included) – and channel meetings with brand team

Free to go home at noon, we can arrange box lunches, or you can join us!