

VERMONT EMPLOYMENT GROWTH INCENTIVE INITIAL VS. FINAL APPLICATION

The formal approval of VEGI incentives can occur in two phases: Initial and Final. Both are formal applications requiring approval by the Vermont Economic Progress Council (VEPC) Board and occur **after** an informal Pre-Application Estimate is provided by VEPC staff.

It is very important to note that an Initial Application is not the same as a Pre-Application. Pre-Applications are informal and do not involve Board approval. Projections are estimates and do not require project details to be fully developed. A Pre-Application provides a fast way for potential applicants to get a ballpark estimate of possible incentives.

A formal Initial or Final VEGI application is different from a Pre-Application in several ways:

- There is a deadline to file the application.
- The application is more involved and includes several narrative requirements.
- The application has to be considered by the VEPC board to be approved and the applicant must attend the board meeting. The VEPC Board must make the following statutory determinations regarding the company and project:
 - Whether the economic activity proposed would occur without the incentive or would occur in a materially different and less desirable manner unless the incentive were approved (But For).
 - Whether the company and activity meet Program Guidelines.
 - Whether the project would result in a positive net tax revenue impact for the state, even after payment of the incentive (cost-benefit modeling).

An applicant can file, and VEPC may approve an Initial Application if the But For and most Program Guidelines are met. If approved, an initial incentive amount is approved based on Initial Application data provided by the company. This will allow companies the ability to meet the But For when they are at a point of project development that might not include definitive employment, payroll and investment data.

If an Initial Application is filed, considered by VEPC, and is given Initial Approval, the applicant must subsequently file a Final Application before the end of the calendar year and get Final Approval and authorization of the VEGI incentive. The applicant sets the [annual performance requirements](#) that must be met to earn an incentive when a Final Application is filed. An applicant may also file a Final Application without filing an Initial Application.

When a Final Application is approved and incentives authorized by VEPC, the levels of new qualifying payroll, new qualifying employment, and new, qualifying capital investment listed by the applicant on the Final Application set the annual performance requirements that must be met to actually earn

the authorized incentive. Therefore, it is extremely important that the employment, payroll and capital investment projections included in the Final Application be as accurate as possible.

This two-phase approval process can be very helpful for projects that require a determination on the But For before the company can proceed with certain decisions, such as start-ups or plant restarts, or expansions into or relocations to Vermont. Once an Initial Application is filed and a determination is made that the applicant and project meet the But For, the company can proceed with due diligence, make decisions, finalize investment and employment decisions, and then file a Final VEGI Application before the end of the calendar year in which the project commences. The data in the Final Application sets the New Qualifying Payroll, New Qualifying Employment, and New Qualifying Capital Investment performance requirements that must be met to earn the incentive.