

VERMONT EMPLOYMENT GROWTH INCENTIVE PROGRAM GUIDELINES

As part of the approval process for to the Vermont Employment Growth Incentive program, the Vermont Economic Progress Council must determine if all applications meet three basic criteria:

- Whether the economic activity would not occur or would occur in a significantly different and significantly less desirable manner without the incentive ([But For](#));
- Whether the economic activity will generate more new revenue for the state than is foregone through the incentive ([cost-benefit modeling](#)); and
- Whether the company and economic activity meet a set of “quality control” guidelines.

Statutory Citation: 32 VSA §5930a(c).

“The council shall first review each application (for VEGI incentives) and ascertain, to the best of its judgment, that but for the economic incentive to be offered, the proposed economic development would not occur or would occur in a significantly different and significantly less desirable manner. Applications that do not meet the “but for” test are not eligible for economic incentives, and shall not be considered further by the council. If the “but for” test is answered in the affirmative, then prior to approving any application for an economic incentive under (VEGI), the council shall evaluate the overall consistency of each application with the following guidelines:

(1) The enterprise should create new, full-time jobs to be filled by individuals who are Vermont residents. The new jobs shall not include jobs or employees transferred from an existing business in the state, or replacements for vacant or terminated positions in the applicant’s business. The new jobs include those that exceed the applicant’s average annual employment level in Vermont during the two preceding years, unless the Council determines that the enterprise will establish a significantly different, newline of business and create new jobs in the newline of business that were not part of the enterprise prior to filing its application for incentives with the Council. The enterprise should provide opportunities that increase income, reduce unemployment, and reduce facility vacancy rates. Preference should be given to projects that enhance economic activity in areas of the state with the highest levels of unemployment and the lowest levels of economic activity.

(2) The new jobs should make a net positive contribution to employment consistent with the applicable wage threshold for the labor market area. The new jobs should offer benefits and opportunities for advancement and professional growth consistent with the employment sector.

(3) The enterprise should create positive fiscal impacts on the state, the host municipality, and the region as projected by the cost-benefit model applied by the council under subsection (d) of this section.

(4) The enterprise should be welcomed by the host municipality, and should conform to all appropriate town and regional plans and to all permit and approval requirements.

- (5) *The enterprise should protect or improve Vermont's natural, historical, and cultural resources, and enhance Vermont's historic settlement patterns.*
- (6) *It is desirable for the enterprise to make use of Vermont resources.*
- (7) *It is desirable for the enterprise to strengthen the quality of life in the host municipality, and to foster cooperation within the region.*
- (8) *It is desirable for the enterprise to use existing infrastructure or to locate in an existing downtown redevelopment project.*
- (9) *If the enterprise proposes to expand within a limited local market, then the enterprise should not be given an unfair competitive advantage over other Vermont businesses in the same or similar line of business and in the same limited local market as a result of the economic incentive granted."*

Why are these guidelines part of the program? When enacting the VEGI program, the Vermont General Assembly recognized that utilization of Vermont's limited economic development resources should be limited to activity that meets broader economic development goals of the state. The guidelines help ensure that the incentives:

- Create well-paying jobs with good benefits and opportunities for advancement.
- Do not get authorized for jobs that already exist in Vermont;
- Encourage projects that do not have detrimental impacts on municipalities or regions;
- Encourage business relationships within the state;
- Encourage community involvement by the applicant; and
- Do not provide an unfair competitive advantage.

How is compliance ascertained? The Council will determine the consistency of the applicant and project with each Guideline, with each part of each Guideline (note that some guidelines include multiple requirements), and the overall consistency with all Guidelines, based on the responses and evidence provided by the applicant and evidence gathered by VEPC staff. If an applicant does not meet a guideline or part of a guideline, the application will not necessarily be denied. The statute requires an evaluation of overall consistency.

The following principles and rules will be applied by the Council for consideration of the guidelines:

Guideline 1:

- The Council will ensure that the jobs to be created are, in fact, new to Vermont and the applicant's business, will not be transferred from an existing operation of the applicant within Vermont, are not replacements for vacant or terminated positions in the applicant's business, that the new jobs exceed the applicant's average annual employment level during the preceding two calendar years, and that the applicant's projections have accounted for attrition. Because these issues all impact proper cost-benefit modeling for this program, not providing information or providing misinformation on these matters could be cause for denial of the application or postponement of consideration of the application by the Council.
- If an applicant has decreased full-time employment over the two calendar years preceding application, the incentive calculation will count only the new Qualifying Employees hired *after* the employment level prior to the decrease in employment is restored ([Look Back requirement](#)).

- If an applicant has decreased full-time employment over the two calendar years preceding application, but by adding new qualifying employees the applicant will establish a significantly different, new line of business, the applicant may request the Council to consider all the jobs as new under the Council's [Look Back Procedure](#).
- The Council will determine the current and estimated ratio of Vermont resident to non-resident full-time employees. The Council will not require that all the new jobs and current jobs be filled by Vermont residents. The Council recognizes that businesses located or planning to locate along Vermont's borders must hire both Vermont residents and non-residents. Therefore, the Council will consider the resident to non-resident ratio of the applicant's current employment levels and compare and contrast the projected resident to non-resident ratio of the jobs to be created. The applicant is expected to make every effort to hire Vermont residents for the new jobs and maintain or improve the current ratio Vermont to non-Vermont residents.
- The Council will consider the opportunities provided by the applicant to increase income and reduce unemployment.
- The Council will consider the efforts made by the applicant to utilize existing buildings and facilities for the project for which the applicant is seeking incentives.
- The Council will not consider applications on a competitive basis. Applications will be considered against the statutory requirements. The cost-benefit model includes a preference for projects that enhance economic activity in economically challenged areas of the state in the cost-benefit model through a [regional differential](#) that results in higher levels of incentives for the regions of the state that meet the definition contained in Guideline 1.

Guideline 2:

- Using data published by the Vermont Department of Labor, the Council will:
 - Determine the Vermont county and town in which the project would occur.
 - Determine the sector in which the applicant operates and in which the project will occur utilizing the North American Industrial Classification System.
 - Determine the weighted average wage and median wage of all the new jobs to be created.
 - Compare the median wage of the new jobs to be created to the latest available "Annual Average Wage" for the State of Vermont, appropriate county, and appropriate town, to as close to the 3-digit level as possible as published in the Vermont Department of Labor "QCEW" data. For sectors that are not published at the 3-digit level for the county or town, the Council will seek further input from the Vermont Department of Labor on a case-by case basis.
 - Determine the median wage of the largest groupings of jobs to be created (i.e. production) and compare to the starting and median wage for the appropriate region of Vermont for the comparable occupational listing published in the Vermont Department of Labor "Occupational Information Center."
 - Examine the level of benefits provided by the applicant company and the percentage of benefits paid by the employer. Note that for purposes of the Program Guidelines, the Council is reviewing benefits offered generally, but for an individual new job to be a "qualifying job," the job must pay above the VEGI Wage Threshold appropriate for the labor Market Area in which the project will occur and the job must be provided certain benefits. Click [here](#) for further detail.
- The Council will consider the opportunities offered for the new jobs by the employer for advancement and professional growth and compare these opportunities to those normally available in the applicant's sector.

Guideline 3:

- The Council will apply a [cost-benefit model](#) to determine the net revenue benefit or cost of the proposed project to the State of Vermont as required by VSA 32 §5930a(d).
- The Council will consider the level of net revenue benefit or cost generated by the project, the incentive level generated, and the net fiscal return of the project.
- The Council will consider other steps offered by the applicant which will have positive fiscal impacts on the state and the host municipality.

Guideline 4:

- The Council will consider statements and information provided by the applicant regarding current conformance with permitting and potential approval requirements for the proposed project.
- The Council will consider statements and information provided by the municipality, the regional planning commission, and the regional development corporation appropriate for the location of the project regarding impact on the community and region, including current conformance with permitting requirements and conformance of the proposed project with local and regional plans.

Guideline 5:

- The Council will consider statements provided by the applicant regarding the company and project impact on Vermont's natural, historical, and cultural resources.
- The Council will consider statements and evidence provided by other sources such as the municipality, the regional planning commission, and the Division of Historic Preservation regarding the business' current impact and the impact of the proposed project on any natural, historical, or cultural resources.
- The Council will consider the location and scope of the project to determine the impact of the business and the project on the historic settlement patterns for the locality and region.

Guideline 6:

- The Council will consider information and data provided by the applicant business regarding the types and amounts of Vermont natural resources currently used, utilized, or impacted by the applicant business and the planned use or utilization and potential impact resulting from the proposed project.
- The Council will consider information and data provided by the applicant business regarding any current and/or planned business relationships with other Vermont businesses including vendor, supplier, customer, or other business relationships.

Guideline 7:

- The Council will consider information and data provided by the applicant business, the municipality, and the regional organizations regarding current and/or planned efforts of the applicant to strengthen the quality of life and current and/or planned involvement in the community and region, including any policies of the company regarding volunteerism.
- The Council will consider information provided by the applicant business regarding the current and/or planned level of involvement by company officials in civic organizations, volunteerism in the community by company officials and employees, and donations and contributions to charitable organizations by the company, company officials and employees.

Guideline 8:

- The Council will consider information provided by the applicant, the municipality, and the regional organizations regarding the types, condition, and scope of infrastructure required for the proposed project, the types, condition, and scope of infrastructure that currently exists and how any lack of required infrastructure will be addressed.
- The Council will consider the location of the project relative to the nearest downtown, whether a redevelopment project is occurring or will occur and whether the applicant business' project is part of any current or planned downtown redevelopment project.

Guideline 9:

- The Council will consider the scope and location of the market for the applicant business and the activity the applicant business will perform in Vermont.
- The Council will consider the scope and location of the market of the applicant business' main competitors.
- The Council will consider whether the applicant business and any competitors located in Vermont are in the same or a similar line of business and serve the same limited local market.
- The Council will consider whether or not the incentive would give an unfair competitive advantage to the applicant business.
- The Council will consider whether the labor pool available within a limited, local market will result in job shifting instead of job creation.

What are the application requirements? The applicant must provide the data and information requested so that the Council can consider all Program Guidelines. See the application instructions on each form for details on the specific information required to respond to the Guidelines.