

VERMONT EMPLOYMENT GROWTH INCENTIVE (VEGI)

The State of Vermont offers incentives to encourage business recruitment, growth, and expansion through the Vermont Employment Growth Incentive program (VEGI). The VEGI program can provide a performance-based cash incentive for prospective job and payroll creation and capital investment that is beyond organic growth and which occurs because of the incentive. Companies must be authorized to earn the incentive through application to the Vermont Economic Progress Council (VEPC), who must find that:

- The total estimated incremental tax revenues from all sources generated to the State by the proposed economic activity exceeds the revenue costs of the activity to the State, including the cost of the incentive;
- The host municipality welcomes the new business and the proposed economic activity conforms to applicable town and regional plans;
- The business is in compliance with State regulations and laws;
- If the business proposes to expand within a limited local market, an incentive would not give the business an unfair competitive advantage over other Vermont businesses in the same or similar line of business and in the same limited local market; and
- But for the incentive, the proposed economic activity:
 - (A) would not occur; or
 - (B) would occur in a significantly different manner that is significantly less desirable to the State.

There are no restrictions on the type or size of company that can apply or the number of jobs that must be created. Applicants must be able to show that the activity as proposed would not occur, or would occur in a significantly different manner, unless the incentive is approved and that new, [qualifying jobs](#) will be created at a level beyond the normal or “background growth” for the company’s industry.

Prospective applicants can get an estimate of potential incentives at any time by filing an online Pre-Application. Then, formal approval of the incentives by the VEPC Board can occur in two phases: [Initial and Final](#). The Council may approve an Initial Application if the But For is met and approve an incentive amount based on initial data from 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 and payroll data. This is especially necessary for companies considering several sites or with complicated real estate transactions. Initial authorization **must occur** before a company makes a decision to proceed with the project. If an application is given Initial Approval, the applicant must subsequently file a Final Application before the end of the calendar year in which the project starts to receive authorization of the incentives. In the Final Application, the company’s headcount, payroll, and capital investment projections set the [annual performance requirements](#) that must be met to earn the incentive.

Once authorized, to actually earn the incentive each year the company must maintain their base payroll, meet their payroll performance requirement, and meet either their new qualifying job or their capital investment performance requirement. The incentive earned that year is then paid out in five cash installments if the performance requirements are maintained.

Contact:

Casey Mock

VEPC Executive Director

(802) 798-2221

casey.mock@vermont.gov