

VERMONT EMPLOYMENT GROWTH INCENTIVE INITIAL and FINAL APPLICATIONS

After a company files a Pre-Application and VEPC staff provides an incentive estimate, 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.

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 detailed 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 Vermont Economic Progress Council must find that the application and project meet several [mandatory approval criteria](#).

If an Initial Application is filed, considered, and 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 the Initial Application is given Initial Approval, the applicant must subsequently file a Final Application before the end of the calendar year in which the project commences and get Final Approval and authorization of the VEGI incentive. The applicant sets the [annual performance requirements](#), which must be met and maintained to earn and be paid the incentive, in their Final Application. 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.

It is anticipated that the project data will change as the application process proceeds from Pre-Application to Initial to Final, as the applicant firms up the project projections. Use of the Initial-Final process is best for companies who are considering Vermont as well as other locations and are relying on incentives to make the location decision, or companies who may have a complicated real estate transaction that cannot be finalized at the time that the But For must be addressed.

While the Initial Application step is recommended under certain circumstances, it is optional. The only required applications are a Pre-Application and Final Application. Final Application may be filed without ever filing an Initial Application. If a Final Application is the first formal application filed, it must be filed and considered before the Activity Commencement Date and before the applicant company makes decisions to proceed with the activity for which incentives are sought.

A typical VEGI application timeline would be (dates are to provide an example only):

Project expected to start April 1, 2018

<u>Date Example:</u>	<u>Action:</u>	<u>Timing:</u>
August 1, 2017	File a Pre-Application	Well before project commencement date and Company decision.
August 15, 2017	Receive Pre-Application Estimate	
October 6, 2017	File an Initial Application	Must be filed and considered by VEPC before project commencement date and before a decision to proceed with the project is made by the applicant.
October 26, 2017	Consideration of Initial Application By VEPC Board (applicant must attend)	
May 4, 2018	File Final Application	As soon after project commences as possible, and must be before the end of the calendar year in which the project commences.
May 31, 2018	Consideration of Final Application By VEPC Board	

If a project is on a short timeline, the process could go as follows:

Project expected to start August 1, 2017

<u>Date Example:</u>	<u>Action:</u>	<u>Timing:</u>
June 1, 2017	File a Pre-Application	Before project commencement date and company decision.
June 7, 2017	Receive Pre-Application Estimate	
July 7, 2017	File an Initial Application	Must be filed and considered by VEPC before project commencement date and before a decision to proceed with the project is made by the applicant.
July 27, 2017	Consideration of Initial Application By VEPC Board (applicant must attend)	
November 17, 2017	File Final Application	As soon after project commences as possible, and must be before the end of the calendar year in which the project commences.
December 14, 2017	Consideration of Final Application By VEPC Board	