

# **The economic necessity of the incentive program in Vermont.**

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## **Summary**

The report highlights the importance of implementing an incentive program like VEGI to boost Vermont's economy. It presents a strong case for the continuation and improvement of such incentives by showcasing the program's accomplishments in generating job opportunities, attracting investments, and promoting sustainable development. The report aims to inform policymakers and stakeholders about the critical role of incentive programs in achieving broader economic objectives and sustainability goals.

The report emphasizes the economic necessity of a program like VEGI for Vermont's economic strategy. It explains how VEGI contributes to job creation and investment attraction and aligns with environmental sustainability, making it an essential component of the state's economic development framework. The report's analysis and recommendations aim to reinforce the importance of such programs and highlight their role in maintaining and enhancing Vermont's economic competitiveness and environmental commitments.

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## **Introduction**

### **Overview**

The Vermont Employment Growth Incentive (VEGI) program is a cornerstone of Vermont's strategy for economic advancement. Its foremost goal is to stimulate the creation of high-quality jobs by offering financial incentives to businesses that show a potential for robust and enduring growth. The VEGI program meticulously aligns these incentives with performance milestones, ensuring businesses make a tangible, positive impact on Vermont's economy before reaping the rewards.

### **Objectives of the VEGI Program:**

**Job Creation:** At its heart, the VEGI program is designed to facilitate the establishment of new, well-paying jobs. It strongly emphasizes fostering opportunities that offer wages exceeding the state average, reflecting the program's commitment to enhancing the quality of employment in Vermont. This focus addresses concerns regarding the emphasis on retention, shifting the narrative towards generating new employment opportunities rather than preserving existing ones.

**Economic Growth:** VEGI aims to propel Vermont's economic expansion by supporting businesses with significant growth potential, energizing the state's overall economic landscape.

**Promotion of Sustainable Growth:** While the VEGI program aspires to encourage sustainable and eco-friendly business operations, it is crucial to specify that such encouragement predominantly comes through the Green VEGI option. This program facet, designed to foster environmentally sustainable practices among businesses, has seen limited application but represents a critical area of focus, aligning with Vermont's broader environmental commitments.

### **Importance of VEGI to Vermont:**

- **Employment Enhancement:** VEGI significantly contributes to lowering unemployment rates by promoting the creation of new jobs, especially in regions where employment opportunities are scarce.
- **Investment Attraction:** The program's incentives are essential in drawing new enterprises to Vermont and motivating existing ones to scale up their operations, thus boosting investment in the state.
- **Economic Diversification:** By backing a diverse array of industries, VEGI aids in broadening Vermont's economic base, enhancing its resilience against downturns in specific sectors.
- **Community Advancement:** Beyond its direct economic benefits, the program indirectly facilitates community development by stimulating employment and economic activity, which can lead to improving infrastructure and public services.

## **Purpose of the Report**

The primary purpose of this report is to conduct a comprehensive analysis and comparison of Vermont's Employment Growth Incentive (VEGI) program with analogous economic development initiatives in other states. This comparison is designed to underscore the crucial role of financial incentive programs in driving economic growth, job creation, and the adoption of sustainable business practices within Vermont. By examining similar or superior programs in other states, the report aims to illustrate the essential nature of maintaining and potentially enhancing an economic incentive program to secure Vermont's competitive position in economic development and employment expansion.

### **Goals of the Report:**

- **Identify and Analyze Comparable Programs:** This report will identify economic development programs in at least eight states that parallel or surpass the VEGI program in structure, incentives, and outcomes. The analysis will provide a basis for meaningful comparisons, offering insights into how different states leverage economic incentives to achieve growth and sustainability.
- **Evaluate Effectiveness and Impact:** Through a comparative analysis, the effectiveness of economic incentive programs, including VEGI, will be assessed with a focus on their success in job creation, attracting investments, and promoting sustainable development. This evaluation will place VEGI within the broader context of state-level economic development initiatives.
- **Highlight Best Practices and Innovations:** The investigation into other states' programs will reveal best practices and innovative strategies that could enhance the effectiveness of economic incentive programs in Vermont. This exploration aims to identify actionable insights that could be applied to improve VEGI or similar initiatives.
- **Demonstrate Economic Necessity:** The report will underscore the economic necessity of an effective incentive program for Vermont, drawing on the successes of comparable initiatives in other states. This comparison will argue for the continued support and refinement of an economic incentive program that ensures Vermont remains an attractive location for business growth and development.

By maintaining an objective stance, this report will present a compelling argument highlighting the importance of an economic incentive program for Vermont's continued economic vitality. The goal is to demonstrate that discontinuing such a program would risk placing Vermont at a competitive disadvantage compared to other states with similar or more effective economic development initiatives. An economic incentive program's enhancement and continued support are vital for securing Vermont's economic future and growth prospects.

## **Methodology**

The methodology for this report encompasses a systematic approach to collecting and analyzing data on the economic development programs of Vermont and selected states, detailed through the following steps:

### **Data Collection:**

- Literature Review: This step involves the examination of academic studies, policy briefs, and government reports to gather insights into the structure, implementation, and impact of each state's economic development program.
- Official State Websites and Publications: Data is also sourced directly from state government resources, ensuring access to the most current and precise information available.

### **Data Analysis:**

- Comparative Analysis: This involves comparing critical aspects of each program, including incentive types, eligibility criteria, and performance metrics, to identify similarities and differences.
- Economic Impact Assessment: This step involves analyzing the Vermont Employment Growth Incentive (VEGI) program to determine its impact on job creation, investment, and regional economic growth within Vermont. It also involves assessing similar programs in other states. To estimate the impact, this report uses available data and studies. The term "economic impact assessment" refers to reviewing existing impact evaluations and, where possible, making comparative assessments based on available data.
- Policy Effectiveness Evaluation: This analysis assesses how each program meets its stated objectives, such as economic diversification and industry-specific support, using available evidence and performance outcomes.

### **Report Preparation:**

- Synthesizing Findings: This stage consolidates all collected data and analysis into a comprehensive report that offers a comparative perspective on the various programs, including VEGI.
- Drawing Conclusions: The report concludes by identifying best practices from the comparison and suggesting potential improvements for the VEGI program based on the analytical findings.

## Comparison States

The states selected for comparison with Vermont's VEGI program are

- Montana
- Wyoming
- Idaho
- West Virginia
- South Dakota
- Oregon
- Wisconsin
- Colorado.

Several key factors guided the selection of the comparison states mentioned above. These states, including Vermont, possess a combination of rural and urban landscapes, presenting similar challenges and economic development opportunities. Furthermore, they exhibit a blend of industrial sectors that overlap with Vermont's key economic drivers, such as agriculture, technology, and green energy.

Therefore, they are pertinent comparatives for understanding VEGI's unique position and potential. This diverse group also reflects a range of economic development strategies and incentive programs, offering a comprehensive view of how different approaches work in varying state contexts. By examining these states, we aim to illuminate the distinctiveness and efficacy of the VEGI program within a broader economic development framework, thereby underlining its value to Vermont's economic landscape.

## **About Vermont Employment Growth Incentive (VEGI)**

### **VEGI Program Overview**

The Vermont Employment Growth Incentive (VEGI) program is a key economic development tool in Vermont, designed to stimulate business growth and job creation beyond what companies would naturally achieve. This program provides cash incentives to businesses that meet specific performance requirements, encouraging economic activities that might not occur or occur less favorably without this support.

VEGI operates by incentivizing prospective economic activity in Vermont, targeting both existing companies within the state and those considering Vermont as a new location. The program is performance-based, meaning businesses receive incentives based on job creation, payroll expansion, and capital investments. This approach ensures that incentives are only paid after companies meet and maintain their performance targets.

Authorization for incentives is managed by the Vermont Economic Progress Council (VEPC). The Council evaluates applications to determine if companies and their projects meet the approval requirements. The total incentive amount available to a company is calculated using an economic model that assesses the state's projected revenue benefits and costs over five years following approval.

Notably, the VEGI program has achieved significant results. In its first decade, VEGI award recipients created over 6,200 new jobs, with an average annual wage significantly higher than the state average. The program has also effectively protected taxpayer investments; around half of the projects did not meet their growth projections, resulting in a reduction or cancellation of awards. This ensures that state funds are only utilized for successful, growth-oriented projects.

Moreover, VEGI has assisted several companies in expanding their operations in Vermont, including Gordini Glove, Chroma Technologies, and MSI, Inc. These success stories highlight the program's impact on the state's economic landscape.

Vermont Employment Growth Incentive (VEGI) represents a strategic approach to economic development in Vermont, focusing on performance-based incentives to drive job creation and business growth while ensuring accountability and protection of taxpayer investments.

## **VEGI Mechanisms**

The Vermont Employment Growth Incentive (VEGI) program is a strategic initiative to stimulate the state's economy through two primary mechanisms, carefully designed to ensure meaningful economic contributions and workforce development.

The first mechanism incentivizes businesses to create new, high-quality jobs, reducing unemployment rates and strengthening the local workforce. Specifically, the program provides financial rewards to companies that hire new full-time employees, ensuring these positions offer certain benefits and a level of pay that surpasses the normally expected growth for their sector. This targeted approach ensures the creation of jobs that are not only new but also offer sustainable employment opportunities that contribute significantly to the state's economic health.

The second mechanism of the VEGI program focuses on supporting businesses that make significant investments in Vermont, with a critical clarification of the commonly misunderstood aspect of this mechanism. While companies that invest in new facilities or equipment are encouraged through the prospect of financial incentives, it is imperative to understand that these incentives are contingent upon creating jobs and payroll expansion. Simply put, capital expenditure alone does not qualify a company for VEGI incentives; there must be concurrent job creation or payroll expansion that meets the program's stringent criteria. This ensures that the incentives are tightly coupled with tangible economic contributions, such as employment growth or the state's economic landscape enhancement.

It is crucial to note that the financial incentives from VEGI are awarded only after the businesses have fulfilled their commitments to job creation and investment. This post-performance award structure guarantees that the incentives are disbursed for projects that have verifiably benefited Vermont's economy, aligning with the program's goal to foster sustainable economic growth.

VEGI is a performance-based program that rewards companies based on tangible economic and employment improvements. This approach motivates businesses to pursue growth and expansion and safeguards the state's financial resources, ensuring that taxpayer funds are allocated efficiently and effectively. The success of similar programs in other states underscores the efficacy of this economic strategy, reinforcing the value of VEGI to Vermont's ongoing economic development efforts.



## **VEGI Incentive Structure**

The Vermont Employment Growth Incentive (VEGI) program offers economic incentives to businesses for recruitment, growth, and expansion in Vermont. These incentives take the form of cash payments to businesses authorized to earn them and who subsequently meet certain performance requirements.

A business's economic activity must be beyond its organic growth to be eligible for these incentives. This means the growth wouldn't occur, wouldn't happen in Vermont, or would occur in a significantly less desirable manner without the incentive. The program targets various economic activities, including those by Vermont companies, Vermont divisions adding new qualifying employees, companies considering Vermont as a new location, or start-up businesses.

The authorization process for these incentives involves applying to the Vermont Economic Progress Council. The Council determines if the company and project meet specific approval requirements. If authorized, the total incentive amount available is determined by an economic model. This model calculates the revenue benefits and costs to the State based on performance projections for the five years following approval.

To claim the incentives, businesses must file VEGI Claim Forms annually by April 30. These forms include a Claim Form, Benefits Form (for the first five filing years), Preparer's Information Form, and Certification Form. Additionally, various workbooks must be completed, such as the Base Employment Data Workbook, Non-Qualifying Employee Workbook, New Qualifying Employee Workbook, and Capital Investment Workbook (for the first five filing years).

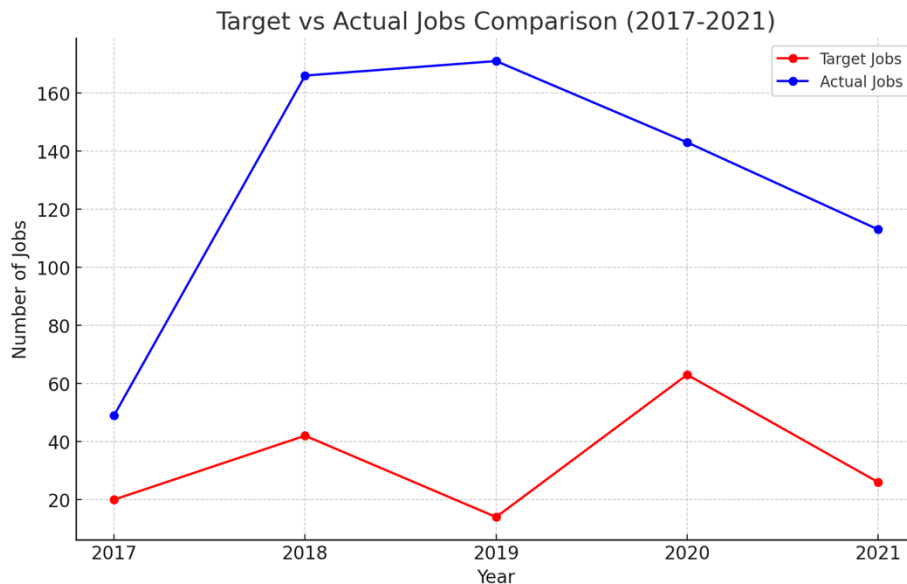
The Vermont VEGI program incentivizes business growth and expansion through cash payments based on meeting performance requirements and contributing to the state's economic development. The application and claim process involves detailed documentation to ensure compliance with the program's criteria.

## VEGI Economic benefits

The Vermont Employment Growth Incentive (VEGI) program, since its inception in 2007, has demonstrated significant economic benefits for the state of Vermont.

**Job Creation and High Wages:** Between 2007 and 2021, the VEGI program has been instrumental in creating 9,376 new qualifying jobs, of which 564 were created in 2021 alone. The program has consistently exceeded its annual job creation targets, as shown in Figure 1, from 2017 to 2021. This overachievement is significant, as the program has surpassed its five-year job creation target by 377 jobs.

These jobs not only boost employment but also provide high wages. The average wage for all new qualifying jobs from 2007 to 2021 was \$59,006, and it increased to \$69,257 in 2021, reflecting the program's ability to attract high-paying employment opportunities.



**Figure 1:** Comparison between the target job and the actual job created By the Vermont Employment Growth Incentive program.

**Economic Growth and Capital Investment:** The program has stimulated significant economic growth, as evidenced by the creation of over \$553 million in new qualifying payroll and more than \$1 billion in new qualifying capital investments from 2007 through 2021. This level of capital investment is a strong indicator of business confidence and commitment to growth in Vermont.

**Incremental Tax Revenue Generation:** The VEGI program is structured to ensure that the economic activity it stimulates generates more incremental tax revenue for the state than the amount foregone through the incentive. This ensures a net positive impact on Vermont's tax revenues, contributing to the state's overall fiscal health.

**Comprehensive Economic Impact Modeling:** The program involves detailed modeling of the economic benefits and the estimated fiscal impacts on the state. This includes considering revenues from payroll income taxes, business and corporate income taxes, sales and use taxes on machinery and equipment, building materials, transportation, property, and other fees. This comprehensive approach ensures the program's benefits are thoroughly evaluated against its costs.

**Performance-based Incentive Structure:** VEGI incentives are earned based on performance, specifically tied to payroll, employment, and capital investment targets. They are paid out over up to nine years, contingent on these performance requirements being met annually. This structure ensures accountability and encourages sustained business growth and commitment.

The Vermont Employment Growth Incentive (VEGI) program has been a key driver of economic growth, job creation, and increased tax revenues in Vermont. Its structured and performance-based incentives have attracted new businesses, encouraged existing businesses to expand, and ensured a return on investment for the state. The program's termination could hinder these positive economic trends and impact the state's ability to attract and retain high-value businesses and jobs.

## **Vermont Employment Growth Incentive (VEGI) Program SWOT Analysis**

The Vermont Employment Growth Incentive (VEGI) program is a pivotal element in Vermont's economic landscape, fostering job creation, investment, and sustainable development. This SWOT analysis aims to evaluate VEGI's strategic position by scrutinizing its strengths, weaknesses, opportunities, and threats, especially in comparison with similar programs in other states. Our goal is to provide a comprehensive and balanced view of VEGI's performance and potential, offering insights into how it stacks up against its nationwide counterparts. This analysis will serve as a vital tool for policymakers and stakeholders to assess the program's effectiveness and guide future economic strategies in Vermont.

## Strengths

- **Performance-based Incentives:** VEGI's model ensures that benefits are only awarded after meeting specific targets, offering a more accountable and result-oriented approach.
- **Economic Impact:** Proven effectiveness in stimulating job creation, business growth, and investments, focusing on sustainable development.

## Weaknesses

- **Flexibility and Scope:** VEGI might lack the flexibility found in other states' programs that offer varied incentives like tax credits, grants, and infrastructure support, possibly limiting its appeal to a wider range of businesses.
- **Cash Payment Focus:** Heavy reliance on cash payments as incentives might not be as attractive to some businesses that prefer other forms of support.

## Opportunities

- **Innovative Adaptation:** Potential to incorporate successful elements from other state programs, like tax credits or specific industry support, to enhance its appeal.
- **Alignment with State Goals:** Opportunity to further tailor VEGI to Vermont's unique economic and environmental goals, like promoting green industries or local small businesses.

## Threats

- **Inter-State Competition:** The presence of more diverse or advantageous incentive programs in other states could overshadow VEGI, leading to a loss of potential businesses.
- **Policy and Economic Changes:** Fluctuations in economic conditions or shifts in political priorities could impact the program's funding and perceived value.

## **Vermont Employment Growth Incentive (VEGI) Small Business Success Story: BETA Technologies**

In the heart of South Burlington, Vermont, a beacon of innovation and sustainable development shines brightly through the endeavors of BETA Technologies, an electric aerospace company poised at the forefront of revolutionizing aviation. Established in 2017, BETA Technologies has embarked on a mission to transform the skies with its pioneering electric transportation system, encompassing net-zero electric aircraft, a comprehensive charging infrastructure, and a dedicated training program for the next generation of aviation professionals. The company's focus spans crucial sectors such as logistics, medical, and defense, boasting firm commitments from industry giants like UPS, United Therapeutics, and LCI.

BETA's journey from a fledgling startup to a cornerstone of technological advancement and economic growth in Vermont is a testament to the pivotal role of the Vermont Employment Growth Incentive (VEGI) program. Through VEGI's support, BETA expanded its "North Hangar" office space by an impressive 20,000 square feet, paving the way for over 50 new employment opportunities, an expansion of office space, and an enhancement of R&D prototyping activities. The state's backing was instrumental in catalyzing a period of significant technical progression, operational maturity, and workforce expansion, as highlighted by COO Blain Newton. This crucial inflection point enabled BETA to solidify investor confidence, secure essential private funding, attract top-tier talent, and achieve critical milestones, fostering business growth and customer acquisition.

The narrative of BETA Technologies is a compelling illustration of the VEGI program's effectiveness in fostering economic development, job creation, and sustainable business practices. As BETA continues to thrive, with plans for further expansion in Vermont, including the construction of a new manufacturing facility, it stands as a proud testament to the state's commitment to advancing the aerospace industry and providing good, green jobs for its residents.

### **Highlight on BETA Success Story**

This success story aligns with the overarching goals and purpose of demonstrating the vital importance of financial incentive programs like VEGI in stimulating economic growth, innovation, and environmental stewardship. BETA Technologies' achievements underpin our analysis and comparison of Vermont's economic development initiatives with other states, showcasing VEGI as a model for how state-level incentives can drive significant outcomes in job creation, investment attraction, and sustainable development.

By examining BETA's story to evaluate the VEGI program

- **Comparable Programs:** Highlight how VEGI stands alongside or ahead of other state initiatives regarding structure, incentives, and outcomes.
- **Evaluate Effectiveness and Impact:** Use BETA's success as a benchmark to assess the effectiveness of economic incentive programs in achieving their goals.
- **Highlight Best Practices and Innovations:** Draw insights from VEGI's role in BETA's growth to suggest enhancements for Vermont's and other states' economic incentives.
- **Demonstrate Economic Necessity:** Emphasize the critical need for programs like VEGI to maintain and enhance Vermont's competitive edge in economic development and employment expansion to ensure Vermont's prosperous future.

Through the lens of BETA Technologies' success, our report endeavors to present a persuasive argument for the retention and enhancement of the VEGI program, underlining its indispensable role in securing Vermont's economic vitality and competitive stature.

Source: *2020 VEGI Annual Report - Agency of Commerce And ...*,  
accd.vermont.gov/sites/accdnew/files/documents/DED/VEPC/VEGI/2020-VEGI.Annual.Report-FINAL - No Cover Letter.pdf. Accessed 4 Mar. 2024.

[2020 ANNUAL REPORT VERMONT EMPLOYMENT GROWTH INCENTIVE \(VEGI\)](#)

## Comparison of States and Programs

### Montana

#### Economic Overview

- Agriculture: Significant in grain farming and cattle ranching.
- Tourism: Attracts visitors with national parks like Glacier and Yellowstone, wide-open spaces, and outdoor activities.
- Small Business Centric: The economy relies on small, locally-owned businesses.
- Forestry and Timber: Contributes to the forestry industry with extensive forested areas.
- Limited Population: Focuses on local and regional markets due to a relatively small population.
- Challenges with Economic Diversification: Efforts to grow technology and renewable energy sectors.

#### Business Tax Incentive Programs

1. Business Equipment Tax Credit
  - Tax credit for the first \$100,000 in equipment and machinery.
  - Reduces financial burden on new investments.
2. Big Sky Economic Development Trust Fund (BSTF)
  - State funds for economic development projects.
  - Aims to create higher-wage jobs and stable economic growth.
  - Offers grants and loans for business costs.
3. New or Expanding Industry Tax Abatements
  - Property tax reductions for new or expanding businesses.
  - Aids in reducing initial costs for setting up or growing in Montana.
4. Research and Development Tax Credits
  - Encourages innovation with tax credits for R&D investments.
5. Primary Sector Workforce Training Grant (WTG)
  - Funding assistance for employee training.
  - Enhances workforce capabilities and competitiveness.
6. Discretionary Incentives
  - Incentives based on the economic impact of the business, such as job creation.

## Montana Highlight program

### Montana's Big Sky Economic Development Trust Fund (BSTF)

- Provides grants for job creation and infrastructure improvements.
- Requires a minimum hourly wage and employee benefits for job creation grants.
- Performance-based incentives, with disbursement after meeting job creation and investment milestones.

The Montana business tax incentive program comparable to Vermont's VEGI (Vermont Employment Growth Incentive) is the Big Sky Economic Development Trust Fund (BSTF). Both BSTF and VEGI aim to stimulate economic growth, incentivize job creation, and encourage investments, yet they differ in implementation and structure.

BSTF provides state funds primarily through grants to support economic development and infrastructure improvements, with a focus on creating higher-wage jobs in Montana. It offers assistance to both businesses to create new jobs and local governments for public infrastructure improvements that enable business growth. The incentives are performance-based, with funds being disbursed after the company meets certain milestones related to job creation and investment.

In contrast, VEGI in Vermont provides cash payments to businesses that meet specific performance requirements related to job creation and investments that contribute to the state's economic growth. VEGI is also performance-based and requires companies to fulfill predetermined criteria before receiving any benefits.

Both programs are designed with the intent to create a stronger economic base but reflect their state's specific goals and economic strategies. BSTF tends to focus on the role of local governments in economic development, whereas VEGI is more directly targeted at incentivizing businesses through cash payments.



## **Wyoming Economic Overview**

- Dependence on Natural Resources: Heavy reliance on mineral extraction and agriculture, with a significant energy sector.
- Tourism: Attracts visitors with national parks and outdoor activities.
- Limited Population and Labor Market: A small population impacts the labor market and economic diversity.
- Agriculture: Focus on cattle ranching and hay production.
- Energy Production and Environmental Policies: Major energy producers are transitioning towards sustainable energy.
- Challenges in Economic Diversification: Reliance on a few sectors with efforts to diversify.
- Small Business and Entrepreneurial Focus: Growth in small businesses with a business-friendly environment.
- Fiscal Policies: No personal state income tax, reliant on natural resource revenue.

### **Business Tax Incentive Programs**

1. Sales Tax Exemptions
  - Manufacturing machinery, equipment, and materials are exempt from sales tax.
  - Utilities used in manufacturing, including electricity and natural gas, are also exempt.
2. Business Ready Community (BRC) Grant & Loan Program
  - Financing for publicly owned infrastructure.
  - Supports a variety of projects for business and community development.
3. Wyoming Partnership Challenge Loan Program
  - Low-interest loans to businesses.
  - Partnership between the state and private lenders to bridge financing gaps.
4. Data Center Sales Tax Exemption
  - Sales tax exemptions for data center equipment and construction.
5. Industrial Development Revenue Bonds
  - Tax-exempt bond financing for manufacturing and energy facilities.
6. Workforce Development Training Fund
  - Grants for businesses to train new or existing employees.

7. Opportunity Zones
  - Tax incentives for investments in economically distressed areas.
8. Property Tax Exemptions
  - Exemptions for pollution control equipment and intangible assets.
9. Wyoming Main Street Program
  - Revitalizes downtown areas and provides business development support.

## **Wyoming Highlight program**

### Wyoming's BRC Grant & Loan Program

- Brief Overview: Finances publicly owned infrastructure to support businesses and economic development.
- Key Features: Offers grants and loans for business-committed projects and community readiness.
- Incentives and Mechanisms: Aims to assist in starting or expanding businesses with a focus on infrastructure and community readiness projects.

The Wyoming business tax incentive program comparable to Vermont's VEGI (Vermont Employment Growth Incentive) is the Business Ready Community (BRC) Grant & Loan Program. While VEGI offers cash payments based on performance metrics related to job creation and investment, Wyoming's BRC program focuses on providing financing for infrastructure that supports business development and economic growth within communities.

The BRC program aims to facilitate business startups or expansions through grants and loans, targeting a variety of projects that improve community readiness and attract or retain businesses. This approach focuses more on creating an enabling environment for businesses by improving infrastructure, which is indirectly expected to lead to job creation and economic diversification.

In contrast, Vermont's VEGI directly incentivizes businesses with financial rewards based on the achievement of specific job creation and payroll goals, making it a more direct form of stimulus for businesses. Both programs, however, share the ultimate goal of enhancing their state's economic landscape by attracting new business, promoting expansion, and creating jobs, reflecting the distinct economic strategies and needs of Wyoming and Vermont.

## **Idaho Economic Overview**

- **Agricultural Sector:** Known for potato production and dairy products, with agriculture playing a significant role in the state's GDP and employment.
- **Tourism and Outdoor Recreation:** Offers activities like skiing and fishing, with natural attractions contributing to the economy.
- **Manufacturing and Industry:** It has a growing tech industry with a significant semiconductor manufacturing presence and is diversifying its industrial base.
- **Small Business and Entrepreneurship:** Economies influenced by small businesses, with supportive policies for growth and innovation.
- **Rural and Community-Based Economy:** Driven by agriculture, small manufacturing, and tourism, with community-based initiatives supporting local economies.

## **Business Tax Incentive Programs**

1. **Idaho Business Advantage**
  - Tax credits for businesses that meet specific investment and job creation criteria.
  - Includes income tax rebates and property tax exemptions.
2. **Tax Reimbursement Incentive (TRI)**
  - A tax credit of up to 30% on income, payroll, and sales taxes for up to 15 years.
  - Aimed at new and existing businesses that create high-paying jobs and make significant capital investments.
3. **Investment Tax Credit**
  - A 3% tax credit on new investments in personal property.
  - Credit can be carried forward if not fully utilized in the investment year.
4. **Property Tax Exemption**
  - 100% exemption for new industrial properties to encourage development.
5. **Research & Development Tax Credit**
  - A 5% credit on qualified R&D expenses to promote innovation.
6. **Workforce Development Training Fund**
  - Reimburses employers for training new employees, fostering job creation, and skill enhancement.

## Idaho Highlight program

### Idaho's Tax Reimbursement Incentive (TRI)

- Brief Overview: Refundable tax credit for businesses starting, expanding, or relocating in Idaho.
- Key Features: Up to 30% credit on income, payroll, and sales taxes for up to 15 years.
- Incentives and Mechanisms: Requires job creation with competitive wages and is performance-based, with benefits realized after fulfilling investment and job creation commitments.

The Idaho business tax incentive program that is similar and comparable to the Vermont VEGI (Vermont Employment Growth Incentive) program is the Tax Reimbursement Incentive (TRI). The TRI, like VEGI, is a performance-based incentive designed to attract and retain businesses by offering significant tax credits.

The TRI provides a refundable tax credit of up to 30% on income, payroll, and sales taxes for a period of up to 15 years to businesses that are starting up, expanding, or relocating to Idaho. To qualify, companies must create a minimum number of jobs with wages that meet or exceed the average in the county where the business is located. This ensures that the incentives are closely tied to actual job creation and investment in the state's economy.

Comparatively, Vermont's VEGI program also offers financial incentives to businesses based on job creation and investment. However, VEGI typically provides direct cash payments, whereas Idaho's TRI offers tax credits. Both programs are contingent upon meeting specific economic performance criteria, emphasizing the commitment of the businesses to contribute to the local economy before receiving the incentive benefits.

## **West Virginia Economic Overview**

- Dependence on Natural Resources: Historically reliant on coal mining, with diversification efforts into other sectors.
- Tourism as a Key Economic Contributor: Leverages natural beauty for tourism, including outdoor activities and historical site development.
- Challenges in Industrial Diversification: Struggling to diversify but making strides in technology, healthcare, and education.
- Rural Economy and Population Distribution: Predominantly rural with the associated challenges in infrastructure and services.
- Healthcare and Education as Growing Sectors: These sectors are growing and are seen as critical for future economic development.
- Energy Transition and Sustainability Efforts: Transitioning from coal to more sustainable energy sources and focusing on renewable energy and sustainability.

## **Business Tax Incentive Programs**

1. Economic Opportunity Tax Credit
  - Encourages investment and job creation with tax credits for new or expanded facilities.
2. Manufacturing Investment Tax Credit
  - Offers up to 60% tax credit for qualified investments in manufacturing.
3. High-Technology Business Property Valuation Act
  - Reduces the property tax for qualified high-tech businesses.
4. Corporate Headquarters Relocation Credit
  - Provides credits for businesses relocating headquarters to the state based on job creation and investment.
5. Strategic Research and Development Tax Credit
  - Targets R&D activities with tax credits for qualified expenditures.
6. Freeport Amendment
  - Exempts certain inventories from property tax to benefit logistics and distribution sectors.

7. Direct Use Tax Exemptions
  - Exempts certain manufacturing and R&D materials from sales and use tax.
8. Work Opportunity Tax Credit (WOTC)
  - A federal program offering tax credits for hiring individuals from certain target groups.
9. Tourism Development Act Credit
  - Provides credits for investment in tourism development projects.

## **West Virginia Highlight program**

### West Virginia Economic Opportunity Tax Credit

- Brief Overview: Offers tax credits for businesses investing in new or expanded facilities in West Virginia.
- Key Features: Can be applied against corporate net income tax and personal income tax on business income.
- Incentives and Mechanisms: The credit amount is based on the size of the investment and job creation aimed at businesses expanding or locating in West Virginia.

The West Virginia business tax incentive program comparable to Vermont's VEGI program is the Economic Opportunity Tax Credit. Similar to VEGI, West Virginia's Economic Opportunity Tax Credit is designed to stimulate economic growth by incentivizing businesses to invest and create jobs within the state.

The Economic Opportunity Tax Credit provides tax credits against corporate net income tax and personal income tax, depending on the size of the investment and the number of jobs created. This program encourages companies to establish or expand their facilities in West Virginia by offering a reduction in their tax liabilities, which can be significant depending on the scale of the investment.

Vermont's VEGI, on the other hand, offers direct cash payments based on the fulfillment of job creation and payroll expenditure commitments, making it a performance-based financial incentive. Both the West Virginia and Vermont programs are aimed at promoting economic development, but they differ in their approaches: West Virginia reduces tax burdens to encourage investment, while Vermont provides direct financial rewards for meeting specific economic performance criteria. The choice between tax credits and direct cash payments reflects each state's strategic approach to leveraging fiscal policy for economic development.

## **South Dakota Economic Overview**

- Primary Industries: Agriculture with emphasis on corn, soybeans, wheat, and livestock.
- Forestry: Less dominant than Vermont, but contributes to the economy.
- Manufacturing and Production: Specializes in food processing, machinery, and electronic products.
- Artisanal and Small Business Presence: Notable presence, especially in the Black Hills region.
- Service Sector: Tourism is drawn to natural landmarks and healthcare and education as significant employers.
- Financial and Real Estate: There is a stable real estate market and a large banking sector in Sioux Falls.
- Energy: Investments in wind power and biofuels.
- Challenges and Adaptations: Addressing issues related to rural populations and infrastructure.
- Economic Development Strategies: Business-friendly environment with low taxes and incentives.

## **Business Tax Incentive Programs**

1. Reinvestment Payment Program
  - Aids businesses with a reinvestment payment to offset taxes paid for eligible projects.
  - Focuses on projects with significant capital investment and job creation.
2. South Dakota Jobs Program
  - Grants for equipment or training to help in job creation.
  - Projects must demonstrate a solid business plan and financial stability.
3. Rural Development Loan Program
  - Low-interest loans for businesses promoting economic development in rural areas.
4. MicroLOAN South Dakota
  - Small loans for businesses in startup and expansion phases for various business purposes.

5. Economic Development Partnership Program
  - Matching grants for local economic development corporations for projects promoting growth.
6. Workforce Development Program
  - Funding assistance for training new or current employees.

## **South Dakota Highlight program**

### Reinvestment Payment Program

- **Brief Overview:** Designed to stimulate substantial investment and job creation through reinvestment payments.
- **Key Features:** Provides payments to offset certain taxes for projects that exceed specific capital thresholds.
- **Incentives and Mechanisms:** Managed by the South Dakota Board of Economic Development; projects must be approved by the board based on economic impact, investment, and job creation.

The South Dakota business tax incentive program that aligns most closely with Vermont's VEGI (Vermont Employment Growth Incentive) program is the Reinvestment Payment Program. Like VEGI, the Reinvestment Payment Program is designed to spur economic growth by providing financial incentives to businesses that undertake significant capital investment and job creation within the state.

The Reinvestment Payment Program in South Dakota offers a reinvestment payment that can offset certain tax liabilities for businesses engaging in large-scale projects. This support is aimed at projects that involve considerable capital outlay, specifically those exceeding \$20 million in costs or equipment upgrades over \$2 million. The incentive is structured to make substantial projects more financially feasible, which might not proceed otherwise due to the associated tax burden.

In contrast, Vermont's VEGI program provides performance-based cash payments to businesses that meet specific targets for job creation and investment, functioning as a direct stimulus based on achieving economic milestones. Although both programs are designed to incentivize investment and promote job growth, they differ in delivery; South Dakota's program offsets tax liabilities post-investment, while Vermont's offers cash payments as a reward for meeting economic performance goals. Each program is tailored to its state's unique economic landscape, with South Dakota's approach reflecting its business-friendly environment characterized by low taxes and regulatory incentives.



## **Oregon Economic**

- **Agriculture:** Strong sector with sustainable practices; known for hazelnuts, berries, wine, and dairy products.
- **Forestry:** This is a significant industry with a focus on timber and wood products.
- **Tourism:** Tourism has a key role in the economy, with attractions including natural landscapes and cultural events.
- **Small Business Focus:** High proportion of small businesses and a community-oriented business culture.
- **Renewable Energy & Environmental Stewardship:** Leadership in renewable energy initiatives and sustainability.
- **Tech & Innovation:** Notable tech industry presence with a focus on hardware, software, and green technologies.
- **Education & Workforce:** Presence of prestigious institutions fostering a skilled workforce.
- **Healthcare Industry:** Significant employment and innovation in healthcare.
- **Craft Brewing & Artisanal Foods:** Strong industries known for quality and locally sourced ingredients.

## **Business Tax Incentive Programs**

1. **Strategic Investment Program (SIP)**
  - Property tax exemption for large capital investments in traded sector industries.
  - Encourages job creation and investment with significant tax savings.
2. **Enterprise Zones**
  - Exemptions from property taxes on new investments in economically distressed areas.
  - Encourages investment with tax relief for a specified period.
3. **Research & Development Tax Credit**
  - Tax credit for businesses engaging in qualified R&D activities.
  - Supports innovation and technological advancement.

4. Oregon Investment Advantage
  - Income tax deduction for businesses in certain rural counties.
  - Aims to stimulate job creation in less developed areas.
5. Energy Incentives
  - Programs to promote energy efficiency and renewable energy projects.
  - Supports businesses investing in energy conservation and renewable sources.
6. Film & Video Incentives
  - Cash rebate on goods and services for media production.
  - Promotes local media production industry.
7. Work Opportunity Tax Credit (WOTC)
  - The federal tax credit is available for hiring individuals from certain target groups.

## **Oregon Highlight program**

### Oregon's Strategic Investment Program (SIP)

- Brief Overview: Encourages large capital investments with a property tax exemption in the traded sector.
- Key Features: Tax exemption on a portion of invested capital for up to 15 years.
- Incentives and Mechanisms: Requires meeting minimum investment and sometimes job creation or wage commitments.

The Oregon business tax incentive program that bears similarities to Vermont's VEGI (Vermont Employment Growth Incentive) program is the Strategic Investment Program (SIP). Both programs are tailored to bolster economic growth by incentivizing significant business investments and creating jobs.

Oregon's SIP provides substantial property tax exemptions for large capital investments, particularly in the traded sector industries like manufacturing and processing. The program aims to attract sizeable projects by offering tax relief for a portion of the investment over a period, typically up to 15 years. This long-term tax exemption is designed to lower the operational costs for businesses making significant capital outlays, thus encouraging them to establish or expand their operations within Oregon.

In comparison, Vermont's VEGI program directly incentivizes businesses with cash payments contingent upon achieving certain job creation and investment benchmarks. VEGI's performance-based incentives provide a financial boost to companies after they have met specific economic targets. While both the SIP and VEGI programs are designed to incentivize investment and job creation, they differ in their mechanisms of support; Oregon's SIP offers tax relief on capital investments to reduce long-term costs, whereas Vermont's VEGI provides immediate cash benefits tied to performance metrics.

## **Wisconsin Economic Overview**

- Agriculture and Dairy Industry: Known for cheese and dairy production, as well as other agricultural outputs like corn and cranberries.
- Manufacturing and Industry: Diverse industrial base with significant manufacturing, including machinery and food processing.
- Tourism and Outdoor Recreation: Benefits from natural landscapes and cultural heritage.
- Small Business and Entrepreneurship: Strong network of small businesses and startups supported.
- Educational Institutions and Workforce: Contribution to the economy through research and innovation from institutions like the University of Wisconsin.

## **Business Tax Incentive Programs**

1. Business Development Tax Credit (BTC) Program
  - Refundable tax credits for significant capital investment and job creation.
  - Credits are based on job creation, capital investment, pay scale, and local unemployment rates.
2. Manufacturing and Agriculture Credit
  - Reduces state tax rate on income from manufacturing and agricultural activity.
  - Aims to bolster these sectors and encourage growth.
3. Research and Development Tax Credit
  - Tax credit for qualified research expenses to foster innovation and development.
4. Work Opportunity Tax Credit (WOTC)
  - Federal tax credits encourage hiring from certain target groups facing employment barriers.
5. Enterprise Zone Tax Credit
  - Supports capital investments and job creation in designated zones with tax credits and exemptions.
6. Investment and Local Impact Fund Grants
  - Assists municipalities with costs related to business expansion or relocation.
7. Angel and Early Stage Seed Investment Credits
  - Incentivizes investment in high-tech startups with tax credits for investors.

## Wisconsin Highlight program

### Wisconsin's Business Development Tax Credit (BTC) Program

- Brief Overview: Supports business projects that drive capital investment and job creation with refundable tax credits.
- Key Features: Performance-based credits tied to job creation, investment levels, and local economic conditions.
- Incentives and Mechanisms: Credits are claimed over multiple years, contingent upon meeting the specified economic performance metrics.

The Wisconsin business tax incentive program that is analogous to Vermont's VEGI (Vermont Employment Growth Incentive) is the Business Development Tax Credit (BTC) Program. Similar to Vermont's VEGI, Wisconsin's BTC Program aims to stimulate economic growth by providing incentives for businesses to engage in substantial capital investment and job creation.

The BTC Program offers refundable tax credits to businesses, meaning that if the credit exceeds the company's tax liability, the remainder is refunded to the business. The amount of credit granted is contingent upon several factors, including the number of jobs created, the level of investment, the average wage of new jobs relative to the county median, and the unemployment rate in the project's location. This approach is designed to encourage businesses to expand or relocate within Wisconsin, with the goal of fostering economic development and improving employment opportunities in the state.

In comparison, Vermont's VEGI program provides cash payments to businesses based on their performance in job creation and investment, with a particular focus on achieving and maintaining these jobs over time. Both BTC and VEGI are performance-based incentives, but while VEGI operates on a cash payment model, Wisconsin's BTC offers tax credits, which can ultimately be received as cash if they exceed the business's tax liability.

## **Colorado Economic Overview**

- Tourism and Recreation: Robust tourism industry with a focus on outdoor activities and natural parks.
- Agriculture: Diverse agricultural sector with an emphasis on organic farming and craft beverages.
- Craft Beverages: Strong presence of microbreweries, craft distilleries, and wineries.
- Green Energy and Environmental Sustainability: Commitment to renewable energy and sustainable practices.
- Technology and Innovation: Significant technology sector with specializations in aerospace, biotechnology, and software development.
- Small Business and Entrepreneurship: Economy driven by small businesses and entrepreneurship.

## **Business Tax Incentive Programs**

1. Job Growth Incentive Tax Credit (JGITC)
  - Performance-based state income tax credits for creating new jobs paying at or above the county average wage.
  - Supports companies considering relocation or expansion in Colorado.
2. Enterprise Zone Program
  - Tax credits for businesses in designated Enterprise Zones to stimulate development.
  - Incentives for investment, job training, and job creation.
3. Advanced Industries Accelerator Programs
  - Promotes growth in advanced industries through grants and tax credits.
  - Drives innovation, technology, and job creation.
4. Strategic Fund Incentive
  - Performance-based incentives for job creation and capital investment.
  - Provides cash funds for maintaining new jobs for a set duration.
5. Rural Jump-Start Program
  - Tax relief for new businesses and hires in rural Jump-Start Zones.
  - Benefits include relief from various state and local taxes.
6. Colorado FIRST and Existing Industry Customized Job Training Programs
  - Grants for job training of new hires (Colorado FIRST) and skills advancement for current workers (Existing Industry).

## Colorado Highlight program

### Colorado's Job Growth Incentive Tax Credit (JGITC)

- **Brief Overview:** Offers tax credits to incentivize the creation of new jobs with competitive wages in Colorado.
- **Key Features:** Credits are awarded based on job creation, with a requirement that these jobs pay at or above the average county wage.
- **Incentives and Mechanisms:** The program is performance-based, with the ability to carry forward credits for up to 10 years, and mandates the maintenance of new jobs for at least one year.

The Colorado business tax incentive program that is analogous to Vermont's VEGI (Vermont Employment Growth Incentive) program is the Job Growth Incentive Tax Credit (JGITC). Like VEGI, Colorado's JGITC is designed to encourage economic development by incentivizing businesses to create new, high-paying jobs in the state.

The JGITC provides state income tax credits to businesses that generate new employment opportunities that pay equal to or greater than the average wage in the county where the jobs are located. These tax credits are performance-based, meaning they are granted based on the actual number of jobs created. The program is structured to attract businesses looking to relocate to or expand within Colorado, with the goal of boosting job growth and enriching the state's labor market.

Vermont's VEGI program similarly incentivizes job creation and investment by offering cash payments based on performance criteria, including the amount of payroll expenditure and the quality of jobs created. Both the JGITC and VEGI programs tie their incentives to the economic impact of the business's growth, but they differ in their form of incentive delivery—Colorado opts for tax credits, while Vermont provides direct cash payments.

## Conclusion for Tax Incentive Programs Comparison

The comparative analysis of state-level business tax incentive programs reveals a tapestry of strategies aimed at fostering economic vitality. Vermont's VEGI has proven to be a performance-based catalyst, effectively stimulating job creation and investment. However, as we look toward enhancing the program's efficacy and resilience, it becomes imperative to consider incorporating multifaceted approaches observed in other states.

From Montana's Big Sky Economic Development Trust Fund (BSTF), the integration of infrastructure improvement grants could bolster Vermont's appeal to businesses requiring robust physical frameworks. Montana's model illustrates the potential for VEGI to not only reward performance but also to lay the groundwork for sustained economic activity.

Wyoming's Business Ready Community (BRC) Grant & Loan Program offers a notable paradigm, emphasizing the role of strategic infrastructure in economic expansion. By adopting a similar philosophy, VEGI could extend its scope to include grants or loans for community readiness projects, thereby catalyzing broader economic ecosystems.

Idaho's Tax Reimbursement Incentive (TRI) exemplifies the impactful leverage of tax credits. Introducing a comparable, tiered tax credit system within VEGI could attract businesses with longer-term commitments to Vermont, enhancing the state's competitive edge in the regional and national arena.

Furthermore, Wisconsin's Business Development Tax Credit (BTC) Program underscores the significance of refundable tax credits tied to job creation metrics. Vermont could consider a similar refundable credit system, adjusting for local economic conditions to provide a more tailored and enticing incentive package.

Lastly, Oregon's Strategic Investment Program (SIP) showcases the long-term benefits of property tax exemptions for significant capital investments. VEGI might amplify its investment appeal by offering temporary property tax relief for substantial projects, thereby encouraging enduring capital placement within the state.

In conclusion, while VEGI stands as a robust program, its fortification through a hybridized approach—drawing on elements such as infrastructure grants, community readiness support, tiered tax credits, refundable tax benefits, and property tax exemptions—could significantly elevate Vermont's economic development trajectory. Such enhancements would not only solidify the state's commitment to growth but also ensure that VEGI remains a vanguard model for innovative economic incentivization.

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