

MEMORANDUM

To: Joint Fiscal Committee
From: Fred Kenney, Executive Director, Vermont Economic Progress Council
Mary Peterson, Commissioner, Department of Taxes
Date: August 30, 2013
RE: 2013 VEGI Annual Report

VEPC and the Department of Taxes respectfully request an extension of the September 1, 2013 due date for the 2013 VEGI Annual Report.

As you know, VEPC has two staff, an Executive Director and one classified employee. The classified position has been vacant since June. Refilling the position required reclassification of the position to help handle the new TIF responsibilities added to VEPC's role by Act 80 and waiting for the new HR system to be online. The position has now been filled and the new employee starts on September 3.

Also, having the report ready for publication by September 1 requires that the Department of Taxes provide VEPC with the required VEGI data sets before August 1. These data sets must be run through the VEGI cost-benefit model to calculate the net revenue benefit and be worked into the report for publication, a process that takes about 20-30 days. The data was delayed because the Tax Department analyst discovered some anomalies and required extra time to assure data accuracy. The data was sent to VEPC on August 20.

We expect to publish the report by the end of September. As an interim report, attached is the latest report on [VEGI authorizations](#) that is published by VEPC each month.

Thank you for your consideration.

VERMONT EMPLOYMENT GROWTH INCENTIVE - AUTHORIZATION SUMMARY

Company Name	Date Considered	Authorization Period	Status	Maximum Incentive Considered	Minimum Net Revenue Benefit	Green Subsection 5 Lookback Waived	Location	Type of Project
Green Mountain Coffee Roasters, Inc.	25-Oct-07	2007 - 2011	Active-Final	\$ 1,786,828	\$ 2,129,672	n/a	Waterbury/Essex	Ret./Expansion
Vermont College of Fine Arts	27-Mar-08	2008-2012	Active-Final	\$ 206,737	\$ 126,260	n/a	Montpelier	Start-up
Utility Risk Management Corp	23-Oct-08	2008-2012	Active-Final	\$ 377,371	\$ 185,973	n/a	Stowe	Recruitment/Relocation
BioTek Instruments, Inc./Lionheart Technologies, Inc.	4-Dec-08	2009-2013	Active-Final	\$ 692,854	\$ 1,059,543	n/a	Winooski	Ret./Expansion
Albany College of Pharmacy	22-Jan-09	2009-2013	Active-Final	\$ 630,859	\$ 345,716	n/a	Colchester	Recruitment/Exp.
ASK-intTag, LLC	26-Mar-09	2009-2013	Active-Final	\$ 553,722	\$ 263,998	n/a	Essex	Recruitment/Start-up
Commonwealth Yogurt, Inc.	25-Jun-09	2009-2013	Active-Final	\$ 1,201,154	\$ 614,505	n/a	Brattleboro	Recruitment/Start-up
AirBoss Defense USA, Inc.	24-Sep-09	2009 -2013	Active-Final	\$ 243,280	\$ 116,725	n/a	Milton	Recruitment/Exp.
Maple Mountain Woodworks. LLC	17-Dec-09	2009-2013	Active-Final	\$ 143,436	\$ 59,857	n/a	Richford	Start-up
Terry Precision Bicycles for Women, Inc.	17-Dec-09	2009-2013	Active-Final	\$ 126,296	\$ 53,440	n/a	Burlington	Recruitment/Relocation
Northern Power Systems, Inc.	17-Dec-09	2009-2013	Active-Final	\$ 808,104	\$ 235,796	Green	Barre	Ret./Expansion
Green Mountain Coffee Roasters, Inc.	17-Dec-09	2009-2013	Active-Final	\$ 292,307	\$ 1,736,611	n/a	Chittenden County	Ret./Expansion
MyWebGrocer, Inc	22-Oct-09	2010-2014	Active-Final	\$ 453,475	\$ 286,567	n/a	Colchester	Ret./Expansion
SBE, Inc.	17-Dec-09	2010-2014	Active-Final	\$ 3,048,671	\$ 817,673	Green	Barre	Ret./Expansion
Seldon Technologies, Inc.	17-Dec-09	2010-2014	Active-Final	\$ 478,396	\$ 136,972	Green	Windsor	Ret./Expansion
New England Supply, Inc.	25-Mar-10	2010-2014	Active-Final	\$ 67,953	\$ 36,088	n/a	Williston	Start-up
Westminster Cracker Company, Inc.	22-Jul-10	2010-2014	Active-Final	\$ 236,246	\$ 96,360	Sub 5	Rutland	Ret./Expansion
Revision Eyewear, Ltd.	28-Oct-10	2010-2014	Active-Final	\$ 552,193	\$ 449,055	n/a	Essex	Ret./Expansion
Dealer.com, Inc.	16-Dec-10	2010-2014	Active-Final	\$ 4,929,487	\$ 2,644,946	n/a	Burlington	Ret./Expansion
Swan Valley Cheese Company of Vermont	16-Dec-10	2010-2014	Active-Final	\$ 305,830	\$ -	Sub 5	Swanton	Plant Restart/Start-up
Alpla, Inc.	16-Dec-10	2011-2015	Active-Final	\$ 654,438	\$ 181,570	Green	Essex	Recruitment/Exp.
Bariatix Nutrition Corp	27-Jan-11	2011-2015	Active-Final	\$ 135,653	\$ 92,251	n/a	Georgia	Ret./Expansion
WCW, Inc.	27-Oct-11	2011-2015	Active-Final	\$ 512,449	\$ 202,024	n/a	Manchester	Recruitment/Relocation
VSC Holdings, Inc.	27-Oct-11	2011-2015	Active-Final	\$ 156,913	\$ 86,727	n/a	Hinesburg	Ret./Expansion
Concepts ETI, Inc	8-Dec-11	2011-2015	Active-Final	\$ 290,335	\$ 117,880	Green/LBW	Wilder	Ret./Expansion
SOH Wind Engineering, LLC	8-Dec-11	2011-2015	Active-Final	\$ 153,995	\$ 41,793	Green	Williston	Recruitment/Start-up
Green Mountain Coffee Roasters, Inc.	8-Dec-11	2011-2015	Active-Final	\$ 4,696,809	\$ 6,297,553	n/a	Essex	Ret./Expansion
Ellison Surface Technologies, Inc.	8-Dec-11	2011-2015	Active-Final	\$ 688,462	\$ 289,406	Sub 5	Rutland	Ret./Expansion
Mylan Technologies, Inc	13-Dec-12	2012-2016	Active-Final	\$ 5,733,506	\$ 2,786,740	n/a	St. Albans	Ret./Expansion
Commonwealth Dairy, LLC II	25-May-12	2012-2016	Active-Final	\$ 303,004	\$ 277,714	n/a	Brattleboro	Ret./Expansion
Revision Ballistics	13-Dec-12	2012-2016	Active-Final	\$ 734,081	\$ -	Sub 5	Newport	Plant Restart/Start-up
Seventh Generation	13-Dec-12	2012-2016	Active-Final	\$ 454,728	\$ 233,150	Green	Burlington	Ret./Expansion
Performa Limited, LLC	25-Oct-12	2012-2016	Active-Final	\$ 133,618	\$ 62,088	n/a	Burlington	Ret./Expansion
AFCCell Medical	24-Mar-11	2013-2017	Active-Initial	\$ 1,338,444	\$ 640,057	n/a	TBD	Recruitment/Start-up
Freedom Foods	13-Dec-12	2013-2017	Active-Initial	\$ 320,423	\$ 151,703	Ed Tax Stabil	Randolph	Ret./Expansion
BioTek Instruments, Inc./Lionheart Technologies, Inc.	28-Mar-13	2013-2017	Active-Initial	\$ 616,283	\$ 555,883	n/a	Williston	Ret./Expansion
Cambridge Valley Machining, Inc.	28-Mar-13	2013-2017	Active-Initial	\$ 140,048	\$ 65,594	Sub 5	Bennington	Recruitment/Expansion
Dealer.com	25-Apr-13	2013-2017	Active-Initial	\$ 1,299,946	\$ 2,021,744	n/a	Burlington	Ret./Expansion
Logic Supply, Inc.	25-Apr-13	2013-2017	Active-Initial	\$ 341,912	\$ 220,866	n/a	South Burlington	Ret./Expansion
Farmer Mold & Machine	25-Jul-13	2013-2017	Active-Initial	\$ 315,268	\$ 21,082	Sub 5	Rutland	Recruitment/Relocation
JBM Sherman Carmel	22-Aug-13	2013-2017	Active-Initial	\$ 160,781	\$ 8,711	Sub 5	Bennington	Ret./Expansion
NEWCO (Earth Bros/Lorentz Meats)	25-Jul-13	2014-2018	Active-Initial	\$ 319,310	\$ 58,859	Sub 5	No. Springfield	Recruitment/Start-up

Application Count	Total Considered	Authorized-Active	Terminated/Rescinded	Denied
Total Applications:	77	41	31	5
Green VEGI Applications:	16	11	4	1
Subsection 5 Applications:	10	8	2	0

Total Incentives:	Estimated Direct Economic Impact:
Total Incentives Considered To Date \$ 58,476,802	New Qualifying FT Jobs Projected (Created between 2007 - 2018) 3,435
Total Incentives Denied To Date \$ 2,198,190	New Qualifying FT Payroll Projected (Created between 2007 - 2018) \$ 165,344,367
Total Incentives Rescinded/Revoked to Date \$ 19,694,556	Weighted Average Wage of New Qualifying Jobs \$ 47,996
Net Incentives Authorized to Date \$ 36,584,056	Average Total Compensation for New Qualifying Jobs \$ 58,374
	Qualified Capital Investment Projected (Invested between 2007 - 2018) \$ 553,880,948

Annual Incentives/Caps:	Estimated Direct Fiscal Impact:
2007 Cap \$ 10,000,000	Total Revenue Benefits to the State (P.V.) (2007 - 2018) \$ 89,710,281
2007 Authorizations (Earned 2007 - 2011; Paid out 2008 - 2016) \$ 1,942,954	Total Revenue Costs to the State, Including Incentives (P. V.) (2007 - 2018) \$ 57,961,086
2007 Cap Balance \$ 8,057,046	Net Fiscal Return to the State (2007 - 2018) \$ 31,749,195
2008 Cap \$ 10,000,000	
2008 Authorizations (Earned 2008 - 2012; Paid out 2009 - 2017) \$ 584,108	
2008 Cap Balance \$ 9,415,892	
2009 Cap \$ 10,000,000	
2009 Authorizations (Earned 2009 - 2013; Paid out 2010 - 2018) \$ 4,692,012	
2009 Cap Balance \$ 5,307,988	
2010 Cap \$ 23,000,000	
2010 Authorizations (Earned 2010 - 2014; Paid out 2011 - 2019) \$ 10,183,886	
2010 Cap Balance \$ 12,816,114	
2011 Cap \$ 18,000,000	
2011 Authorizations (Earned 2011 - 2015; Paid out 2012 - 2020) \$ 7,289,054	
2011 Cap Balance \$ 10,710,946	
2012 Cap \$ 12,000,000	
2012 Authorizations (Earned 2012 - 2016; Paid out 2013 - 2021) \$ 7,358,937	
2012 Cap Balance \$ 4,641,063	
2013 Cap \$ 10,000,000	
2013 Authorizations (Earned 2013-2017; Paid out 2014-2022) \$ 4,533,105	
2013 Cap Balance \$ 5,466,895	
2014 Cap \$ 10,000,000	
2014 Authorizations (Earned 2014-2018; Paid out 2015-2023) \$ 319,310	
2014 Cap Balance \$ 9,680,690	

Estimated Related Economic Activity:	
Retained Full-time Jobs	4,784
Full-time Non-Qualifying Job Creation	258
Indirect Job Creation	3,438
Total Full-time Job Creation (2007-2018)	7,131
New Payroll Considered "Background Growth"	\$ 39,648,203
Average Health Care Premium Paid by Employer	75%
Approximate Value of VT Business to Business Interaction	\$ 109,688,008

Demographics:	Type of Project:	Size (by # employees at application):
	Start Up	0 - 20 18
	Plant Re-Start	21 - 50 10
	Recruitment	51 - 75 3
	Retention/Expansion	76 - 100 1
		101 - 150 2
		151 - 200 2
		201 - 500 2
		500+ 4

DEFINITIONS OF TERMS USED IN THIS SPREADSHEET:	Vermont-based	Non Vermont-Based
	27	15

Rescinded: Initial Approval is rescinded. No Final Application Filed. No incentives ever earned or paid.
Terminated: Authority to earn additional incentives revoked. **Term./Recap** -Any incentives paid are recaptured.
Active-Initial: Initial Application approved; Incentives not yet authorized. Must file Final Application by end of calendar year.
Active-Final: Final Application approved. Incentives authorized.
Green VEGI: Incentive enhancement for environmental technology companies. See 32 VSA 5930b(g)
Sub.5: Incentive enhancement for projects in high unemployment, low economic activity areas. See 32 VSA 5930b(b)(5).
LBW or Look Back Waived: Waiver of adjustment due to drop in employment. See 32 VSA 5930a(c)(1).
Ed Tax Stabil: Applicant chose stabilization of incremental Education Property Tax as incentive

Incentive Enhancements:	Increase in Incentives Due to Enhancements:	Decrease in Net Revenue Return Due to Enhancements:
Green VEGI	\$ 1,270,214	\$ 1,120,103
Subsection 5	\$ 917,643	\$ 839,476
Totals	\$ 2,187,857	\$ 1,959,579