FUNDING AND INCENTIVES

VERMONT EMPLOYMENT GROWTH INCENTIVE

Cash Incentive to Encourage Business Start-Up, Growth, and Expansion

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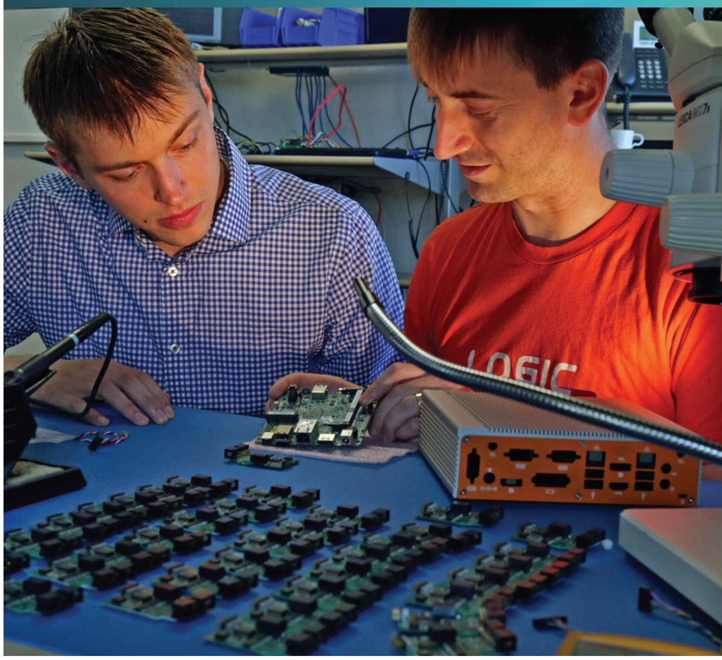

The Vermont Employment Growth Incentive (VEGI) is a performance-based cash incentive (not a tax credit) paid to approved companies for prospective job and payroll creation in any region of the state and in almost any sector. The program requires board approval, but an incentive estimate can be provided easily and quickly.

Companies looking to earn the incentive must apply to the Vermont Economic Progress Council (VEPC), who will determine if the company and project meet statutory requirements. 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 prospective activity would not occur, or would occur in a significantly different manner, unless the incentive is approved and the new jobs will be created at a level beyond the normal or "background growth" for the company's industry. To qualify, the new jobs must be full-time with pay and benefits that meet certain requirements.

FREQUENTLY ASKED QUESTIONS

Q. What is the process for approval?

Prospective applicants can get an estimate of potential incentives by filing an online Pre-Application at any time. 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, payroll, and capital investment data. Initial approval must occur before a company decides to proceed with the project in Vermont. 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.

Q. How is the incentive paid?

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

Q. How long is the period during which the incentive can be earned?

The incentives are earned through job and payroll creation and capital investments made over a period of no less than one year and no more than five years following approval. Because the incentive earned in a given year is paid out over five years, the total period over which incentive installments can be paid to the company can be up to nine years.

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