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State Employment Growth Programs

This report examines state-based economic development with a focus on employment growth programs. Many states provide economic incentives, such as tax credits, to companies in order Ohio, Missou throughout the nation.

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The State of Vermont's Vermo business recruitment and grov intends to encourage economi growth or organic growth rate aid of an incentive.

[1] In determining the amount a company receives, thismethod of methindVermontiseligib information, make the VEGI prog

[2] Figure 1

[1] Background growth data is often referenced as 'organic growth data.'

[2] Vermont Department of Economic Development Agency of Commerce and Community Development ,"Vermont Economic Growth Incentive*:* Program Overview,", accessed February 12, 2011, http://www.thinkvermont.com/Portals/0/VEGI_Program_Overview.pdf.

demonstrates the process by which the VEGI program determines the amount awarded to each company.

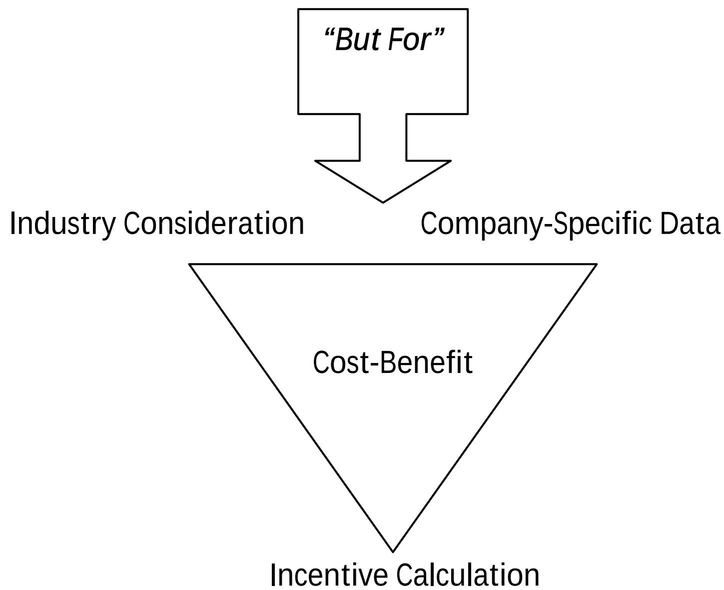

Figure 1: <u>VEGI Program Design</u>
<u>Source: Developed by the authors.</u>

State Economic Development Programs

This report examined 31 different state economic development program, which were identified in the National Congress of State Legislatures' report, "Taking Measure of State Economic Development," by Judy Zelio and the National Congress of State Legislatures list of "2010 State Job Creation Initiatives."[3] These two reports indicated states that had created economic development programs centered on job development. A majority of the states' economic development programs from this list have t rthajority‰

This information is provided by the company itself through the application process.[5] This differs from the VEGI program which enables any Vermont business from any industry to maximum of $50,000 dollars annually. In order for an Oregon business to qualify they must demonstrate the following criteria:

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- At least $660,000 in total annual payroll during the first three years of project operation must be created, either through the creation of 25 full either 1) engaged in enterprises such as manufacturing, processing, assemblage, research, and development, or trucking, or 2) are locating their headquarters or other office space, such as a call center, in Missouri. To qualify for assistance in the first instance, a project must create a minimum of 100 new jobs in a three-year period. To be eligible for the second category, a company must create at least 500 jobs, or 200 jobs in a distressed area. All projects must be shown to be economically sound and of benefit to the state. Furthermore, receiving the credit must be shown to be a “major factor” in the company’s decision to go forward with the project, and that without it they would not be able to create new jobs. The incentive amount is determined by assessing a number of factors. These include whether the project will be located in an economically-depressed region, the number of new jobs to be created, the amount by which the wage paid for the new jobs exceeds the average county wage, the total payroll to be created by the project, the economic impact on the state and locality, and the costs to and financial assistance from the locality.[11]

Conclusion

The state development programs described above all hold significant variations between them and they all differ from the Vermont Employment Growth Incentive program in key regards. The latter is unique in its use of a formula of both background-growth data and company-specific Ã :3 ðÀ•PĐ 0