

Fiscal Highlights

Economic Development Incentives - Andrea Wilko

Financial incentives are provided through the Utah Governor's Office of Economic Development and the Utah State Tax Commission for business relocation, expansion and operations.

Incentives may be offered as either grants or tax credits. The incentive amount and duration is decided by the Governor's Office of Economic Development Board and Executive Director, based on statutory guidelines and evaluation criteria including the financial strength and historical stability of the company, the number and salary of jobs created, amount of new state tax revenue, long-term capital investment, competition with other locations, and whether the company is in a targeted industry.

Most state incentives are awarded on a post-performance basis so that companies must meet specific milestones, including generation of new state tax revenue, before incentives are disbursed. However, certain tax credits are authorized without requiring the oversight of the Governor's Office of Economic development including research tax credits and certain manufacturing tax credits. The key incentives offered by the state are listed below:

Economic Development Tax Increment Financing (EDTIF): The EDTIF tax credit is a post-performance, refundable tax credit for up to 30% of new state revenues (sales, corporate and withholding taxes paid to the state) over the life of the project.

Industrial Assistance Fund (IAF): The IAF is a discretionary fund allocated by the state legislature to help encourage job growth in Utah. Incentives are paid on a post-performance basis after jobs are created in yearly increments. Jobs must be retained over the life of the project.

Enterprise Zones: Under this program, areas are identified by local elected and economic development officials and designated by the state. Certain types of businesses locating or expanding in a designated zone may claim state income tax credits.

Motion Picture Incentive Fund: A post-performance tax credit of production dollars spent in the State of Utah. An approved production is eligible for a rebate of up to 20% on every dollar spent in the state.

Recycling Market Development Zones: More than 20 Utah communities have been designated as Recycling Market Development Zones to incent businesses to use recycled materials in their manufacturing processes and create new products in Utah.

Renewable Energy Development Incentive (REDI): A post-performance, refundable tax credit for up to 100% of new state tax revenues (sales, corporate and withholding taxes) over the life of the project.

Research Tax Credits: Companies doing qualified research in Utah may be eligible for a non-refundable income tax credit of up to 5% for qualified research activity and up to 6% for qualified investments in research machinery and equipment.

Rural Fast Track Program (RFTP): A post-performance grant available to small companies in rural Utah. The program provides an efficient way for existing small companies to receive incentives for creating high-paying jobs in rural areas of the state.

Sales Tax Exemption for Manufacturing Equipment: Manufacturers (SIC 2000-3999) may be eligible for exemption from sales tax on the purchase of new equipment for Utah plant start-ups and replacement manufacturing equipment purchases.

Tourism Marketing Performance Fund: This is a performance based funding mechanism linked to increases in sales tax revenue for 21 tourism related industries. Funding is used to fund the tourism advertising program.