

# Issue Brief – Industrial Assistance Fund

NUMBER EDHR-05-01

## SUMMARY

The Industrial Assistance Fund (IAF) was established in 1991 to encourage quality job creation in the state. The source of funding for the fund is a priority appropriation set aside from surplus funds. This set aside is equal to the amount of earned credits for the year. The IAF provides grants for the creation of jobs paying higher than prevailing wages within the community. Grant disbursements are made on a post-performance basis after jobs have been created and retained. Companies can be eligible under five criteria: corporate, target, rural economic impediment, and economic opportunities.

## OBJECTIVE

The purpose of this issue brief is to inform the Legislature of the purpose of the Industrial Assistance Fund, identify recent changes to the fund and to encourage the appropriation of earned credits currently set aside.

## DISCUSSION AND ANALYSIS

The Industrial Assistance Fund is set up to benefit both rural and urban areas of the state. Rural counties for IAF purposes are all counties except Davis, Weber, Salt Lake, and Utah. The criteria for eligibility in the rural areas of the state are:

1. Jobs must pay above the median county median salary level.
2. Companies must project new employee growth.

For urban communities, the selection criteria is more rigid.

1. All new jobs must pay 25 percent above the county median salary.
2. Companies must project growth of at least 50 new employees.

In addition to the criteria listed above the company must be in one of the target industries or a company must be a corporate client. The targeted industries include:

- Corporate Headquarters
- Biotechnology
- Medical Devices
- Aerospace
- Bio Informatics
- Digital Media
- Web Services
- Information Technology

County	Median Wage	125% of Median
Salt Lake	24,800	31,000
Davis	20,400	25,500
Utah	19,200	24,000
Washington	18,800	23,500
Weber	19,300	24,125
Summit	21,600	27,000
Cache	17,500	21,875
Iron	16,900	21,125
Tooele	19,200	24,000
Morgan	18,200	22,750
Box Elder	18,900	23,625
Sevier	17,800	22,250
Wasatch	19,800	24,750
Daggett	17,900	22,375
Carbon	17,100	21,375
Uintah	19,100	23,875
Millard	17,600	22,000
Sanpete	17,100	21,375
Duchesne	19,200	24,000
Beaver	16,300	20,375
Juab	17,200	21,500
Emery	17,400	21,750
Kane	15,000	18,750
Rich	14,000	17,500
San Juan	16,300	20,375
Grand	15,900	19,875
Piute	10,000	12,500
Wayne	12,800	16,000
Garfield	11,600	14,500
Utah	24,000	30,000

A corporate client is a company who doesn't meet the other criteria but has 2 to 1 Utah purchase ratios.

The statute was changed last year to allow up to 20 percent of the Industrial Assistance Fund to be used for economic opportunities. This allows the board a little bit of flexibility within the existing resources. Three million dollars was allocated under the new criteria last year.

**LEGISLATIVE ACTION**

1. The Analyst recommends that the Legislature consider appropriating the \$4,442,800 in earned credits currently set aside from surplus funds.