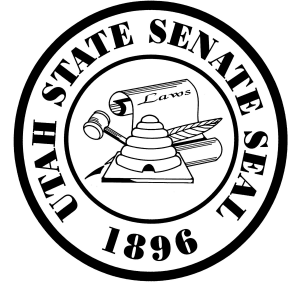




# Performance Note HB0356 - Rural Economic Development Tax Increment Financing

Sponsor: Rep. Albrecht, Carl R.



## Performance Note Report

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Agency: Governor's Office of Economic Development

### Funding For:

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Serving a New or Larger Population

### Public Benefit:

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**Purpose:** The REDTIF tax credit is a post-performance, refundable tax credit rebate for up to 50% of new state revenues (sales, corporate, and withholding taxes paid to the state) over the life of the project (typically 5-10 years). The incentive is available to Utah companies and others seeking to relocate or expand operations to Rural Utah.

**Services:** The program offers a post-performance refundable tax credit to companies who qualify and relocate or expand services in Rural Utah.

**Expected Outcome:** The benefit to companies is that they receive a temporary and fixed sum tax credit. The benefit to the State is that it is a post-performance credit, meaning if they don't perform they don't get to claim the credit (no financial risk) and often companies remain in operations long after their credit benefit has ended. This generates long-term jobs in the State and this bill expands the likelihood that those jobs will be in Rural Utah.

**Implementations and Resources:** The Governor's Office of Economic Development will promote and educate about the new program once it has passed. They will do so through social media, their website, word of mouth from partners and recipients. They will need authority (granted in the bill) to issue tax certificates and collaboration from the Tax Commission and Workforce Services to collect data needed to evaluate post performance eligibility. They will also need Corporate Recruitment and Compliance staff to assist in setting up and reviewing contracts.

**How:** The new program is an expansion of the existing EDTIF program to Rural Utah as defined by the 3rd-6th class. Some eligibility and benefit criteria are changed to make it more advantageous for a company to operate in Rural Utah vs larger counties. The program will be implemented using the tools mentioned above (staff, marketing, website, partners, etc.)

### Performance Measures

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Goal

Title: Corporate Recruitment: increase year over year average wage by 2%.

Description: The total state wage is expected to grow in part by this program. As companies bring in high wage jobs the average state wage increases.

Collection Method: DWS and Tax Commission will aggregate needed data and we will review those reports for annual change.

	2021	2022	2023
2% growth in annual wage	0.00	102.00	102.00
Current Annual Wage %	0.00	100.00	100.00

Goal

Title: Business services: increase the total number of businesses served by 4% per year.

Description: Increase the number of entities participating in the EDTIF and REDTIF program.

Collection Method: Internal contracts will demonstrate the number of entities participating.

	2021	2022	2023
Increase by 4%	0.00	104.00	104.00
Current percent of active contracts	0.00	100.00	100.00

Goal

Title: Compliance: perform assessments on 60% of active contracts with follow up to each.

Description: Annual assessment of active contracts in the EDTIF and REDTIF program allows for status updates and evaluation of effectiveness of the contracts.

Collection Method: Internal systems allow for entities to report status and data from DWS and the Tax Commission allow for comparison. Prior year assessment rate was 51%, we are targeting 60% for the new contracts.

	2021	2022	2023
60% review for active contracts	0.00	60.00	60.00
Prior year was 51%	0.00	51.00	51.00

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By rule, performance notes are provided by the governmental entity that will supervise the new agency or administer the new program. Performance notes are not written by the Office of the Legislative Fiscal Analyst.