

Effective 5/12/2015

Chapter 4 Rural Development Act

Part 1 Center for Rural Development

63N-4-101 Title -- Definitions.

- (1) This chapter is known as the "Rural Development Act."
- (2) As used in this part, "program" means the Rural Development Program created in Section 63N-4-102.

Amended by Chapter 282, 2021 General Session

63N-4-102 Rural Development Program -- Supervision by office.

- (1) There is created within the office the Center for Rural Development.
- (2) The Center for Rural Development is under the administration and general supervision of the office.

Amended by Chapter 282, 2021 General Session

63N-4-103 Purpose of the Center for Rural Development.

The Center for Rural Development is established to:

- (1) foster and support economic development programs and activities for the benefit of rural counties and communities;
- (2) foster and support community, county, and resource management planning programs and activities for the benefit of rural counties and communities;
- (3) foster and support leadership training programs and activities for the benefit of:
 - (a) rural leaders in both the public and private sectors;
 - (b) economic development and planning personnel; and
 - (c) rural government officials;
- (4) foster and support efforts to coordinate and focus the technical and other resources of appropriate institutions of higher education, local governments, private sector interests, associations, nonprofit organizations, federal agencies, and others, in ways that address the economic development, planning, and leadership challenges;
- (5) work to enhance the capacity of GOEO to address rural economic development, planning, and leadership training challenges and opportunities by establishing partnerships and positive working relationships with appropriate public and private sector entities, individuals, and institutions; and
- (6) foster government-to-government collaboration and good working relations between state and rural government regarding economic development and planning issues.

Amended by Chapter 159, 2024 General Session

63N-4-104 Duties.

- (1) The Center for Rural Development shall:

- (a) work to enhance the capacity of the office to address rural economic development, planning, and leadership training challenges and opportunities by establishing partnerships and positive working relationships with appropriate public and private sector entities, individuals, and institutions;
 - (b) work with the GOEO board to coordinate and focus available resources in ways that address the economic development, planning, and leadership training challenges and priorities in rural Utah;
 - (c) assist in administering the Rural Opportunity Program created in Section 63N-4-802; and
 - (d) in accordance with economic development and planning policies set by state government, coordinate relations between:
 - (i) the state;
 - (ii) rural governments;
 - (iii) other public and private groups engaged in rural economic planning and development; and
 - (iv) federal agencies.
- (2) The Center for Rural Development may, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules necessary to carry out its duties.

Amended by Chapter 159, 2024 General Session

63N-4-105 Program manager.

- (1) The executive director may appoint a director for the Center for Rural Development with the approval of the governor.
- (2) The director of the Center for Rural Development shall be a person knowledgeable in the field of rural economic development and planning and experienced in administration.
- (3) Upon change of the executive director, the director of the Center for Rural Development may not be dismissed without cause for at least 180 days.

Amended by Chapter 159, 2024 General Session

63N-4-106 Annual report.

The office shall include in the annual written report described in Section 63N-1a-306, a report of the program's operations and recommendations.

Amended by Chapter 282, 2021 General Session

Part 3

Utah Rural Jobs Act

63N-4-301 Title.

This part is known as the "Utah Rural Jobs Act."

Enacted by Chapter 274, 2017 General Session

63N-4-302 Definitions.

As used in this part:

- (1)

- (a) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another person.
- (b) For the purposes of this part, a person controls another person if the person holds, directly or indirectly, the majority voting or ownership interest in the controlled person or has control over the day-to-day operations of the controlled person by contract or by law.
- (2) "Claimant" means a resident or nonresident person that has state taxable income.
- (3) "Closing date" means the date on which a rural investment company collects:
 - (a) all of the investments described in Subsection 63N-4-303(7) related to phase one investment authority; or
 - (b) all of the investments described in Subsection 63N-4-303(7) related to phase two investment authority.
- (4)
 - (a) "Credit-eligible contribution" means an investment of cash by a claimant in a rural investment company that is or will be eligible for a tax credit as evidenced by notification issued by the office under Subsection 63N-4-303(5)(c).
 - (b) The investment shall purchase an equity interest in the rural investment company or purchase, at par value or premium, a debt instrument issued by the rural investment company that has a maturity date at least five years after the closing date.
- (5) "Eligible small business" means a business that at the time of an initial growth investment in the business by a rural investment company:
 - (a) has fewer than 150 employees;
 - (b) has less than \$10,000,000 in net income for the preceding taxable year;
 - (c) maintains the business's principal business operations in the state; and
 - (d) is engaged in an industry related to:
 - (i) aerospace;
 - (ii) defense;
 - (iii) energy and natural resources;
 - (iv) financial services;
 - (v) life sciences;
 - (vi) outdoor products;
 - (vii) software development;
 - (viii) information technology;
 - (ix) manufacturing; or
 - (x) agribusiness.
- (6)
 - (a) "Excess return" means the difference between:
 - (i) the present value of all growth investments made by a rural investment company on the day the rural investment company applies to exit the program under Section 63N-4-309, including the present value of all distributions and gains from the growth investments; and
 - (ii) the sum of the amount of the original growth investment and an amount equal to any projected increase in the equity holder's federal or state tax liability, including penalties and interest, related to the equity holder's ownership, management, or operation of the rural investment company.
 - (b) If the amount calculated in Subsection (6)(a) is less than zero, the excess return is equal to zero.
- (7) "Federally licensed rural business investment company" means a person licensed as a rural business investment company under 7 U.S.C. Sec. 2009cc.

- (8) "Federally licensed small business investment company" means a person licensed as a small business investment company under 15 U.S.C. Sec. 681.
- (9)
- (a) "Full-time employee" means an employee that throughout the year works at least 30 hours per week or meets the customary practices accepted by that industry as full time.
 - (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules that establish additional hour or other criteria to determine what constitutes a full-time employee.
- (10)
- (a) "Growth investment" means any capital or equity investment in an eligible small business or any loan made from the investment authority to an eligible small business with a stated maturity at least one year after the date of issuance.
 - (b) "Growth investment" does not include, with respect to phase two investment authority:
 - (i) a secured loan or a revolving line of credit to an eligible small business, unless the eligible small business sought and was denied similar financing from a commercial bank, as established by an affidavit from the president or chief executive officer of the eligible small business; or
 - (ii) any portion of an investment, including any amount reinvested, in an eligible small business that, when added to existing investments in the eligible small business from all rural investment companies under phase two investment authority, exceeds \$15,000,000.
- (11)
- (a) "High wage" means a wage that is at least 100% of the county average wage.
 - (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules that establish additional criteria to determine what constitutes a high wage.
- (12) "Investment authority" means the minimum amount of investment a rural investment company must make in eligible small businesses in order for credit-eligible contributions to the rural investment company to qualify for a rural job creation tax credit under Section 59-7-621 or 59-10-1038.
- (13)
- (a) "New annual jobs" means the difference between:
 - (i)
 - (A) the monthly average of full-time employees that are paid a high wage at an eligible small business for the preceding calendar year; or
 - (B) if the preceding calendar year contains the initial growth investment, the monthly average of full-time employees that are paid a high wage at an eligible small business for the months including and after the initial growth investment and before the end of the preceding calendar year; and
 - (ii) the number of full-time employees that are paid a high wage at the eligible small business on the date of the initial growth investment.
 - (b) If the amount calculated in Subsection (13)(a) is less than zero, the new annual jobs amount is equal to zero.
- (14) "Phase one investment authority" means investment authority the office grants a rural investment company based on an application submitted under Subsection 63N-4-303(1)(b)(i).
- (15) "Phase two investment authority" means investment authority the office grants a rural investment company based on an application submitted under Subsection 63N-4-303(1)(b)(ii).
- (16)
- (a) "Principal business operations" means the location where at least 60% of a business's employees work or where employees that are paid at least 60% of a business's payroll work.

- (b) For the purposes of this part, an out-of-state business that agrees to relocate employees to this state to establish the business's principal business operations in this state using the proceeds of a growth investment is considered to have the business's principal business operations in this state if the business satisfies the requirements of Subsection (16)(a) within 180 days after receiving the growth investment, unless the office agrees to a later date.
- (17) "Program" means the provisions of this part applicable to a rural investment company.
- (18) "Rural county" means:
 - (a) with respect to phase one investment authority, any county in this state except Salt Lake, Utah, Davis, Weber, Washington, Cache, Tooele, and Summit counties; or
 - (b) with respect to phase two investment authority, any county in this state except Salt Lake, Utah, Davis, and Weber counties.
- (19) "Rural investment company" means a person approved by the office under Section 63N-4-303.
- (20)
 - (a) "State reimbursement amount" means the difference between:
 - (i) 50% of the rural investment company's credit-eligible capital contributions; and
 - (ii) the product of:
 - (A) the total sum of new annual jobs reported to the office; and
 - (B) \$20,000 with respect to phase one investment authority, or \$15,000 with respect to phase two investment authority.
 - (b) If the amount calculated in Subsection (20)(a) is less than zero, the state reimbursement amount is equal to zero.
- (21) "Tax credit" means a rural job creation tax credit created by Section 59-7-621 or 59-10-1038.
- (22) "Tax credit certificate" means a certificate issued by the office that:
 - (a) lists the name of the person to which the office authorizes a tax credit;
 - (b) lists the person's taxpayer identification number;
 - (c) lists the amount of tax credit that the office authorizes the person to claim for the taxable year; and
 - (d) may include other information as determined by the office.

Amended by Chapter 195, 2022 General Session

63N-4-303 Application, approval, and allocations.

- (1)
 - (a) A person seeking approval as a rural investment company shall submit an application to the office.
 - (b)
 - (i) For the investment authority described in Subsection (6)(a)(i), the office shall begin accepting applications on November 1, 2017.
 - (ii) For the investment authority described in Subsection (6)(a)(ii), the office shall begin accepting applications on November 1, 2022.
- (2) An application submitted under Subsection (1) shall be in a form and in accordance with procedures prescribed by the office, and shall include the following:
 - (a) the total investment authority sought by the applicant, which may not exceed \$42,000,000;
 - (b) a copy of the applicant's or an affiliate of the applicant's license as a federally licensed rural business investment company or as a federally licensed small business investment company;

- (c) evidence that before the date the application is submitted, the applicant or affiliates of the applicant have invested at least \$50,000,000 in nonpublic companies located in counties in the United States with fewer than 50,000 inhabitants;
 - (d) a signed affidavit from each claimant that commits to make a credit-eligible capital contribution to the applicant, stating the amount of that commitment; and
 - (e) the sum of all credit-eligible capital contribution commitments described in Subsection (2)(d), which must equal 58% of the total investment authority sought by the applicant.
- (3) The office shall:
- (a) review and evaluate the applications submitted under this section within 30 days of receipt in the order in which the applications are received; and
 - (b) consider applications received on the same day to have been received simultaneously.
- (4)
- (a) If, after review and evaluation of an application, the office determines that the application does not meet the requirements of Subsection (2), the office shall:
 - (i) deny the application; or
 - (ii)
 - (A) notify the applicant that the application was inadequate and allow the applicant to provide additional information to the office to complete, clarify, or cure defects identified by the office in the application; and
 - (B) inform the applicant that the additional information described in Subsection (4)(a)(ii)(A) must be received by the office within five days of the notice in order to be considered.
 - (b) If an applicant submits additional information to the office in accordance with Subsection (4)(a)(ii), the office shall:
 - (i) consider the application to have been received on the date it was originally received by the office; and
 - (ii) review and evaluate the additional information within 10 days of receiving the additional information.
- (5) If, after review and evaluation of an application submitted under this section and any additional information submitted in accordance with Subsection (4)(a)(ii), the office determines that the application meets the requirements of Subsection (2), the office shall:
- (a) determine the amount of investment authority to award the applicant in accordance with Subsection (6);
 - (b) provide to the applicant a written notice of approval as a rural investment company specifying the amount of the applicant's investment authority; and
 - (c) notify each claimant whose affidavit was included in the application under Subsection (2) that the claimant qualifies for a tax credit that will be issued in accordance with Section 63N-4-304.
- (6)
- (a)
 - (i) For the first application period described in Subsection (1)(b)(i), the office may not approve more than \$42,000,000 in total investment authority and not more than \$24,360,000 in total credit-eligible contributions under this part.
 - (ii) For the second application period described in Subsection (1)(b)(ii), the office may not approve more than \$42,000,000 in total investment authority and not more than \$24,360,000 in total credit-eligible contributions under this part.
 - (b) Subject to Subsection (6)(d), if an application is approved under Subsection (5), the office shall approve the amount of investment authority requested on the application.
 - (c)

- (i) During the first application period described in Subsection (1)(b)(i), the office may continue to accept applications under this section until the amount of approved investment authority reaches \$42,000,000.
 - (ii) During the second application period described in Subsection (1)(b)(ii), the office may continue to accept applications under this section until the amount of approved investment authority reaches \$42,000,000.
 - (d) If the office approves multiple applications received simultaneously under Subsection (3) and the total amount of investment authority requested on those applications exceeds the amount of investment authority remaining, the office shall proportionally reduce the investment authority and credit-eligible capital contributions for each of these applications as necessary to avoid exceeding the amount of investment authority and credit-eligible capital contributions remaining.
- (7) Within 65 days after the day on which a rural investment company receives approval under Subsection (5)(b), the rural investment company shall:
- (a) collect the total amount of committed credit-eligible capital contributions from each claimant whose affidavit was included in the application under Subsection (2);
 - (b) collect one or more cash equity investments contributed by affiliates of the rural investment company, including employees, officers, and directors of such affiliates, that equal at least 10% of the rural investment company's investment authority;
 - (c) collect one or more cash investments that, when added to the amounts collected under Subsections (7)(a) and (b), equal the rural investment company's investment authority; and
 - (d) send sufficient documentation to the office to prove that the amounts described in this Subsection (7) have been collected.
- (8) If the rural investment company fails to fully comply with Subsection (7):
- (a) the rural investment company's approval shall lapse and the corresponding investment authority and credit-eligible capital contributions shall not count toward the limits on the program size described in Subsection (6);
 - (b) if the office awards lapsed investment authority to a rural investment company, the office shall first award lapsed investment authority pro rata to each rural investment company that was awarded less than the requested investment authority under Subsection (6)(d), which a rural investment company may allocate to the rural investment company's investors at the company's discretion; and
 - (c) the office may award any remaining investment authority to new applicants.

Amended by Chapter 195, 2022 General Session

63N-4-304 Tax credit.

- (1) On the closing date, a claimant whose affidavit was included in an approved application submitted under Section 63N-4-303 shall earn a vested tax credit equal to the amount of the claimant's credit-eligible capital contribution to the rural investment company.
- (2) In each of the taxable years that includes the fourth through seventh anniversaries of the closing date, the office shall:
 - (a) issue a tax credit certificate to each approved claimant, specifying a tax credit amount for the taxable year equal to 25% of the claimant's total credit-eligible capital contribution; and
 - (b) provide a report to the State Tax Commission listing each claimant that received a tax credit certificate under Subsection (2)(a) and the tax credit amount listed on the certificate.
- (3)

- (a) A claimant may not claim a tax credit under this section unless the claimant has a tax credit certificate issued by the office.
- (b) A claimant claiming a credit under this section shall retain a tax credit certificate the claimant receives from the office for the same time period a person is required to keep books and records under Section 59-1-1406.
- (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office shall make rules describing:
 - (a) the documentation requirements for a business entity to receive a tax credit certificate under this section; and
 - (b) administration of the program, including relevant timelines and deadlines.

Enacted by Chapter 274, 2017 General Session

63N-4-305 Revocation of tax credit certificates and exit.

- (1) Except as provided in Subsection (2), the office shall revoke a tax credit certificate issued under Section 63N-4-304 if the rural investment company in which the credit-eligible capital contribution was made does any of the following before the rural investment company exits the program in accordance with Section 63N-4-309:
 - (a) fails to invest 100% of the rural investment company's investment authority in growth investments in this state within three years of the closing date;
 - (b) fails to maintain growth investments in this state equal to 100% of the rural investment company's investment authority until the seventh anniversary of the closing date in accordance with this section;
 - (c) makes a distribution or payment that results in the rural investment company having less than 100% of the rural investment company's investment authority invested in growth investments in this state or available for investment in growth investments and held in cash and other marketable securities;
 - (d)
 - (i) with respect to phase one investment authority, fails to maintain growth investments equal to 70% of the rural investment company's investment authority in eligible small businesses that maintain their principal business operations in a rural county; or
 - (ii) with respect to phase two investment authority, fails to maintain growth investments equal to 100% of the rural investment company's investment authority in eligible small businesses that maintain their principal business operations in a rural county;
 - (e) invests more than \$5,000,000 from the investment authority in the same eligible small business, including amounts invested in affiliates of the eligible small business, exclusive of growth investments made with repaid or redeemed growth investments or interest or profits realized on the repaid or redeemed growth investments;
 - (f) makes a growth investment in an eligible small business that directly, or indirectly through an affiliate:
 - (i) owns or has the right to acquire an ownership interest in the rural investment company, an affiliate of the rural investment company, or an investor in the rural investment company; or
 - (ii) makes a loan to or an investment in the rural investment company, an affiliate of the rural investment company, or an investor in the rural investment company; or
 - (g) fails to timely provide a document described in Subsection 63N-4-307(1)(d).
- (2)
 - (a)

- (i) For the purposes of Subsection (1), an investment is maintained even if the investment is sold or repaid if the rural investment company reinvests an amount equal to the capital returned or recovered by the fund from the original investment, exclusive of any profits realized, in other growth investments in this state within 12 months of the receipt of such capital.
 - (ii) Amounts received periodically by a rural investment company are treated as continually invested in growth investments if the amounts are reinvested in one or more growth investments by the end of the following calendar year.
 - (iii) A rural investment company is not required to reinvest capital returned from growth investments after the sixth anniversary of the closing date and such growth investments are considered as being held continuously by the rural investment company through the seventh anniversary of the closing date.
 - (b)
 - (i) Subsection (1)(g) does not apply to investments in publicly traded securities by an eligible small business or an owner or affiliate of an eligible small business.
 - (ii) Under Subsection (1)(g), a rural investment company is not considered an affiliate of a business concern solely as a result of the rural investment company's growth investment.
 - (c) A growth investment in an eligible small business that is not located in a rural county may count toward the requirements of Subsection (1)(d) if the office determines that the eligible small business is located in an economically disadvantaged rural area as defined by rules made by the office in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- (3)
- (a) Before revoking one or more tax credit certificates under this section, the office shall notify the rural investment company of the reasons for the pending revocation.
 - (b) If the rural investment company corrects any violation outlined in the notice to the satisfaction of the office within 90 days after the day on which the notice was sent, the office may not revoke the tax credit certificate.
 - (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules that establish criteria to determine what constitutes a correction under Subsection (3)(b).
- (4) If tax credit certificates are revoked under this section:
- (a)
 - (i) the rural investment company shall make a cash distribution to the office in an amount equal to the sum of all tax credits awarded to persons that have made credit-eligible contributions to the rural investment company; and
 - (ii) if the rural investment company is able to provide documentation to the office that proves that a tax credit described in Subsection (4)(a)(i) has not been claimed, the amount owed under Subsection (4)(a)(i) shall be reduced by the amount of the unclaimed tax credit;
 - (b) the rural investment company's investment authority and credit-eligible capital contributions will not count toward the limits on the program size described in Subsection 63N-4-303(6);
 - (c) if the office awards lapsed investment authority to a rural investment company, the office shall first award lapsed investment authority pro rata to each rural investment company that was awarded less than the requested investment authority under Subsection 63N-4-303(6)(d), which a rural investment company may allocate to the rural investment company's investors at the rural investment company's discretion; and
 - (d) the office may award any remaining investment authority to new applicants.

- (5) The office may not revoke a tax credit certificate after a rural investment company has exited the program in accordance with Section 63N-4-309.

Amended by Chapter 195, 2022 General Session

63N-4-306 Request for determination.

- (1) A rural investment company, before making a growth investment, may request from the office a written opinion as to whether the business in which a rural investment company proposes to invest is an eligible small business.
- (2) The office shall notify the rural investment company of the office's determination within 30 days after receipt of the request.
- (3) If the office fails to notify the rural investment company of the office's determination in accordance with this section, the business in which the rural investment company proposes to invest shall be considered an eligible small business.

Enacted by Chapter 274, 2017 General Session

63N-4-307 Reporting obligations -- Authorization to disclose tax information -- Credit for new annual jobs.

- (1) A rural investment company shall submit an annual report to the office on or before the last day of February for each preceding calendar year until the rural investment company exits the program in accordance with Section 63N-4-309. The annual report shall provide documentation as to the rural investment company's growth investments and include:
- (a) a bank statement evidencing each growth investment;
 - (b) the name, location, and industry of each business concern receiving a growth investment, including either the determination letter set forth in Section 63N-4-306 or evidence that the business qualified as an eligible small business at the time the investment was made;
 - (c) the number of new annual jobs at each eligible small business for the preceding calendar year, accompanied by a report from a third-party accounting firm attesting that the number of new annual jobs was calculated in accordance with procedures approved by the office;
 - (d) unless provided in a previously submitted annual report, for each eligible small business to which the rural investment company provided a growth investment during the preceding calendar year, a document that expressly directs and authorizes the State Tax Commission to disclose to the office the eligible small business's returns and other information that would otherwise be subject to confidentiality under Section 59-1-403; and
 - (e) any other information required by the office.
- (2) For the annual report due in 2022, each rural investment company shall submit the documents described in Subsection (1)(d) on or before July 1, 2022.
- (3)
- (a) Within 60 days of receipt of an annual report, the office shall provide written confirmation to the rural investment company of the number of new annual jobs the rural investment company has been credited with for the preceding calendar year.
 - (b) When granting credit for one or more new annual jobs at an eligible small business that received or held a growth investment from more than one rural investment company during the preceding calendar year, the office shall allocate credit for each new annual job between the rural investment companies:
 - (i) in proportion to each rural investment company's share of the total growth investments the eligible small business received during the calendar year; or

- (ii) in accordance with any written agreement between the rural investment companies.
- (4) By the fifth business day after the third anniversary of the closing date, a rural investment company shall submit a report to the office providing evidence that the rural investment company is in compliance with the investment requirements of Section 63N-4-305.
- (5) In accordance with rules made by the office, a rural investment company that receives phase one investment authority and phase two investment authority shall submit an annual report under this section that provides separate information related to the phase one investment authority and the phase two investment authority.
- (6)
 - (a) The office shall submit the document described in Subsection (1)(d) to the State Tax Commission.
 - (b) Upon receipt of a document described in Subsection (1)(d), the State Tax Commission shall provide the office with the returns and other information the office requests and that the State Tax Commission is directed and authorized to provide.

Amended by Chapter 195, 2022 General Session

63N-4-308 Annual fee.

- (1) The office shall calculate an annual fee to be paid by each rural investment company by dividing \$50,000 by the number of rural investment companies approved under this part and notify each rural investment company of the amount of the annual fee.
- (2)
 - (a) The initial annual fee shall be due and payable to the office along with the evidence of receipt of the cash investment in the rural investment company as described in Subsection 63N-4-303(7)(d).
 - (b) After the initial annual fee, an annual fee shall be due and payable to the office on or before the last day of February of each year.
 - (c) An annual fee shall not be required once a rural investment company has exited the program under Section 63N-4-309.
- (3) To maintain an aggregate annual fee of \$50,000, the office shall recalculate the annual fee as needed upon the lapse of any approval under Subsection 63N-4-303(8), the revocation of tax credit certificates under Section 63N-4-305, or a rural investment company's exit from the program under Section 63N-4-309.
- (4) The annual fee collected under this section shall be deposited into the General Fund as a dedicated credit for use by the office to implement this part.

Enacted by Chapter 274, 2017 General Session

63N-4-309 Exit.

- (1)
 - (a) On or after the seventh anniversary of the closing date, and on or before the twelfth anniversary of the closing date, each rural investment company shall apply to the office to exit the program and no longer be subject to this part.
 - (b) A rural investment company that receives phase one investment authority and phase two investment authority shall separately apply to exit the program in relation to the phase one investment authority and the phase two investment authority.

- (2) An application submitted under Subsection (1) shall be in a form and in accordance with procedures prescribed by the office and shall include a calculation of the state reimbursement amount.
- (3) In evaluating the exit application, if no tax credit certificates have been revoked and the rural investment company has not received a notice of revocation that has remained uncorrected under Subsection 63N-4-305(3)(b), the rural investment company is eligible for exit.
- (4)
 - (a) The office shall respond to the application within 30 days of receipt and include confirmation of the state reimbursement amount.
 - (b) The office shall not unreasonably deny an application submitted under this section.
 - (c) If the office denies the application, the office shall provide the reasons for the determination to the rural investment company.
- (5) If a rural investment company fails to submit an exit application in accordance with Subsection (1), the office shall:
 - (a) calculate the state reimbursement amount using the best available information; and
 - (b) provide the confirmation described in Subsection (4)(a) within 30 days of the twelfth anniversary of the closing date.
- (6) Within 60 days after the day on which the confirmation of the state reimbursement amount is received by the rural investment company, the rural investment company shall make a cash distribution to the state in an amount equal to the lesser of:
 - (a) the state reimbursement amount; and
 - (b) the excess return.
- (7) The office shall notify the rural investment company once payments equal to the amount described in Subsection (4) have been received.
- (8) Any amounts collected under this section shall be deposited into the General Fund.

Amended by Chapter 195, 2022 General Session

Part 4

Rural Employment Expansion Program

63N-4-401 Title.

This part is known as the "Rural Employment Expansion Program."

Enacted by Chapter 340, 2018 General Session

63N-4-402 Definitions.

As used in this part:

- (1)
 - (a) "Business entity" means a sole proprietorship, partnership, association, joint venture, corporation, firm, trust, foundation, or other organization or entity used in carrying on a business.
 - (b) "Business entity" does not include a business primarily engaged in the following:
 - (i) construction;
 - (ii) staffing;
 - (iii) retail trade; or

- (iv) public utility activities.
- (2) "Grant" means a grant awarded as part of the Rural Employment Expansion Grant Program created in Section 63N-4-403.
- (3) "Grant program" means the Rural Employment Expansion Grant Program created in Section 63N-4-403.
- (4) "Mining company" means an entity whose primary business is the exploration for or extraction of minerals from the earth.
- (5) "Mining services company" means an entity whose primary business is providing support services for a mining company, including drilling or geological modeling.
- (6)
 - (a) "Owner or officer" means an individual who owns an ownership interest in an entity or holds a position where the person has authority to manage, direct, control, or make decisions for:
 - (i) the entity or a portion of the entity; or
 - (ii) an employee, agent, or independent contractor of the entity.
 - (b) "Owner or officer" includes:
 - (i) a member of a board of directors or other governing body of an entity; or
 - (ii) a partner in any type of partnership.
- (7) "Rural county" means a county of the third, fourth, fifth, or sixth class.

Amended by Chapter 362, 2022 General Session

63N-4-403 Creation of Rural Employment Expansion Grant Program -- Duties of the office.

- (1) There is created the Rural Employment Expansion Grant Program administered by the office.
- (2) The office shall:
 - (a) review a business entity's application for a grant in the order in which the application is received by the office;
 - (b) ensure that a grant is only awarded to a business entity that meets the requirements of this part; and
 - (c) as part of the annual written report described in Section 63N-1a-306, prepare an annual evaluation that provides:
 - (i) the identity of each business entity that was provided a grant by the office during the year of the annual report;
 - (ii) the total amount awarded in grants for each county; and
 - (iii) an evaluation of the effectiveness of the grant in bringing significant new employment to rural communities.
- (3) The office may:
 - (a) authorize a grant for a business entity under this part;
 - (b) audit a business entity to ensure:
 - (i) eligibility for a grant; and
 - (ii) compliance with this part; and
 - (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and in accordance with the provisions of this part, make rules regarding the:
 - (i) form and content of an application for a grant;
 - (ii) documentation or other requirements for a business entity to receive a grant; and
 - (iii) administration of grants, including an appeal process and relevant timelines and deadlines.

Amended by Chapter 362, 2022 General Session

63N-4-404 Grant application process.

- (1) For a fiscal year beginning on or after July 1, 2018, a business entity seeking to receive a grant shall provide the office with an application in a form approved by the office that includes:
 - (a) a certification, by an officer of the business entity, of each signature on the application;
 - (b) a document that specifies the projected number and anticipated wage level of the new full-time employee positions that the business entity plans to create as the basis for qualifying for a grant; and
 - (c) any additional information required by the office.
- (2)
 - (a) If, after review of an application provided by a business entity as described in Subsection (1), the office determines that the application is inadequate to provide a reasonable justification for authorizing the grant, the office shall:
 - (i) deny the application; or
 - (ii) inform the business entity that the application is inadequate and ask the business entity to submit additional documentation.
 - (b)
 - (i) If the office denies an application, the business entity may appeal the denial to the office.
 - (ii) The office shall review any appeal within 10 business days and make a final determination of the business entity's eligibility for a grant.
- (3) If, after review of an application provided by a business entity as described in Subsection (1), the office determines that the application provides reasonable justification for authorizing a grant and if there are available funds for the grant, the office shall enter into a written agreement with the business entity that:
 - (a) indicates the maximum grant amount the business entity is authorized to receive;
 - (b) includes a document signed by an officer of the business entity that expressly directs and authorizes the State Tax Commission to disclose to the office the business entity's tax returns and other information that would otherwise be subject to confidentiality under Section 59-1-403 or Section 6103, Internal Revenue Code;
 - (c) describes the documentation required to demonstrate that the business entity has created the new full-time employee positions described in the application provided under Subsection (1); and
 - (d) specifies the deadlines to provide the documentation described in Subsection (3)(c).
- (4)
 - (a) Subject to available funds, the office may award a grant to a business entity as follows:
 - (i) \$4,000 for each new full-time employee position in a county where the average county wage is equal to or greater than the state average wage;
 - (ii) \$5,000 for each new full-time employee position in a county where the average county wage is between 85% and 99% of the state average wage; and
 - (iii) \$6,000 for each new full-time employee position in a county where the average county wage is less than 85% of the state average wage.
 - (b) A business entity may qualify for no more than \$250,000 in grants in any fiscal year.
- (5)
 - (a) Subject to available funds, the office shall award a business entity a grant in the amount allowed under this part if the business entity provides documentation to the office:
 - (i) in a form prescribed by the office under Subsection (3)(c);
 - (ii) before the deadline described in Subsection (3)(d); and
 - (iii) that demonstrates that the business applicant has created new full-time employee positions.

- (b) If a business entity does not provide the documentation described in Subsection (3)(c) before the deadline described in Subsection (3)(d), the business entity is ineligible to receive a grant unless the business entity submits a new application to be reviewed by the office in accordance with Subsection (1).
- (6) Nothing in this part prevents a business entity that has received a grant from concurrently applying for or receiving another grant or incentive administered by the office.
- (7) If an applicant for a grant is a mining company or mining services company having business operations within five miles of a rural county, the applicant shall be treated as if the applicant were located within the adjacent rural county in determining whether the applicant qualifies for the grant program.

Amended by Chapter 362, 2022 General Session

Part 5

Rural Coworking and Innovation Center Grant Program

63N-4-501 Title.

This part is known as the "Rural Coworking and Innovation Center Grant Program."

Enacted by Chapter 467, 2019 General Session

63N-4-502 Definitions.

As used in this part:

- (1) "Coworking and innovation center" means a facility designed to provide individuals with the infrastructure and equipment to participate in the online workforce.
- (2) "Entity" means a county, city, nonprofit organization, or institution of higher education.
- (3) "Grant" means a grant awarded as part of the Rural Coworking and Innovation Center Grant Program created in Section 63N-4-503.
- (4) "Grant program" means the Rural Coworking and Innovation Center Grant Program created in Section 63N-4-503.
- (5) "Rural area" means any area in any county in the state except Salt Lake, Utah, Davis, Weber, Washington, Cache, Tooele, and Summit counties.

Amended by Chapter 506, 2024 General Session

63N-4-503 Creation and purpose of the Rural Coworking and Innovation Center Grant Program.

- (1) There is created the Rural Coworking and Innovation Center Grant Program administered by the office.
- (2) The office may seek to accomplish the following objectives in administering the grant program:
 - (a) constructing or renovating a facility in one or more rural areas to create one or more coworking and innovation centers;
 - (b) extending and improving utilities and broadband service connections to one or more coworking and innovation centers in one or more rural areas; and
 - (c) purchasing equipment, furniture, and security systems as part of one or more coworking and innovation centers in one or more rural areas.

Enacted by Chapter 467, 2019 General Session

63N-4-504 Requirements for awarding a working hubs grant.

- (1) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office shall make rules establishing the eligibility and reporting criteria for an entity to receive a grant under this part, including:
 - (a) the form and process of submitting an application to the office for a grant;
 - (b) which entities are eligible to apply for a grant;
 - (c) the method and formula for determining grant amounts; and
 - (d) the reporting requirements of grant recipients.
- (2) In determining the award of a grant, the office may prioritize projects:
 - (a) that will serve underprivileged or underserved communities, including communities with high unemployment or low median incomes;
 - (b) where an applicant demonstrates comprehensive planning of the project but has limited access to financial resources, including financial resources from local or county government; and
 - (c) that maximize economic development opportunities in collaboration with the economic development needs or plans of an educational institution, a county, and a municipality.
- (3) Subject to legislative appropriation, a grant may only be awarded by the executive director.
- (4) A grant may only be awarded under this part:
 - (a) if the grant recipient agrees to provide any combination of funds, land, buildings, or in-kind work in an amount equal to at least 25% of the grant;
 - (b) if the grant recipient agrees not to use grant money for the ongoing operation or maintenance of a coworking and innovation center; and
 - (c) in an amount no more than \$500,000 to a grant applicant.

Amended by Chapter 506, 2024 General Session

Part 8 Rural Opportunity Act

63N-4-801 Definitions.

As used in this part:

- (1) "Advisory committee" means the Rural Opportunity Advisory Committee created in Section 63N-4-804.
- (2) "Association of governments" means an association of political subdivisions of the state, established pursuant to an interlocal agreement under Title 11, Chapter 13, Interlocal Cooperation Act.
- (3)
 - (a) "Business entity" means a sole proprietorship, partnership, association, joint venture, corporation, firm, trust, foundation, or other organization or entity used in carrying on a business.
 - (b) "Business entity" does not include a business primarily engaged in the following:
 - (i) construction;
 - (ii) staffing;

- (iii) retail trade; or
- (iv) public utility activities.
- (4) "CEO board" means a County Economic Opportunity Advisory Board as described in Section 63N-4-803.
- (5) "Fund" means the Rural Opportunity Fund created in Section 63N-4-805.
- (6) "Qualified asset" means a physical asset that provides or supports an essential public service.
- (7) "Qualified project" means a project to build or improve one or more qualified assets for a rural community, including:
 - (a) telecom and high-speed Internet infrastructure;
 - (b) power and energy infrastructure;
 - (c) water and sewerage infrastructure;
 - (d) healthcare infrastructure; or
 - (e) other infrastructure as defined by rule made by the office in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- (8) "Rural community" means a rural county or rural municipality.
- (9) "Rural county" means:
 - (a) a county of the fourth, fifth, or sixth class, as classified in Section 17-50-501; or
 - (b) a county of the third class, as classified in Section 17-50-501, if the county of the third class has no municipality with a population of 100,000 or more.
- (10) "Rural health care special district" means a special service district created to provide health care under Subsection 17D-1-201(6) that is located in a rural county or rural municipality.
- (11) "Rural municipality" means a city or town located within the boundaries of:
 - (a) a county of the third, fourth, fifth, or sixth class; or
 - (b) a county of the second class, if the municipality has a population of 10,000 or less.
- (12) "Rural Opportunity Program" or "program" means the Rural Opportunity Program created in Section 63N-4-802.

Amended by Chapter 217, 2025 General Session

63N-4-802 Creation of Rural Opportunity Program -- Awarding of grants and loans -- Rulemaking -- Reporting.

- (1) There is created the Rural Opportunity Program.
- (2) The program shall be overseen by the advisory committee and administered by the office.
- (3)
 - (a) In overseeing the program, the advisory committee shall make recommendations to the office on the awarding of grants and loans under this section.
 - (b) After reviewing the recommendations of the advisory committee, and subject to appropriations from the Legislature, the office shall:
 - (i) award grants to rural communities and business entities in accordance with Subsection (4) and rules made by the center under Subsection (6); and
 - (ii) award loans to rural communities in accordance with Subsection (5) and rules made by the center under Subsection (6).
- (4)
 - (a) The office shall annually distribute an equal amount of grant money to all rural counties that have created a CEO board and apply for a grant, in an amount up to and including \$200,000 annually per county.
 - (b) In addition to the grant money distributed to rural counties under Subsection (4)(a), the office may use program funds to:

- (i) award grants to rural communities that demonstrate a funding match, in an amount established by rule under Subsection (6);
 - (ii) award grants to business entities that create new jobs within rural communities;
 - (iii) award grants to associations of governments, subject to Subsection (4)(e); and
 - (iv) award grants to rural health care special districts.
 - (c) The office shall award grants under this Subsection (4) to address the economic development needs of rural communities, which needs may include:
 - (i) business recruitment, development, and expansion;
 - (ii) workforce training and development; and
 - (iii) infrastructure, industrial building development, and capital facilities improvements for business development.
 - (d) In awarding grants under this Subsection (4), the office:
 - (i) shall prioritize applications in accordance with rules made by the office under Subsection (6); and
 - (ii) may not award more than 20% of the total amount of grant funds made available each year to associations of governments.
 - (e) An association of governments may not receive a grant from the program unless the association of governments demonstrates to the office that each county belonging to the association of governments has approved the request for grant funds.
- (5)
- (a) In addition to the awarding of grants under Subsection (4), the office may use program funds to award loans to rural communities or rural health care special districts to provide financing for qualified projects.
 - (b)
 - (i) A rural community or rural health care special district may not receive a loan from the program for a qualified project unless:
 - (A) the rural community or rural health care special district demonstrates to the office that the rural community or rural health care special district has exhausted all other means of securing funding from the state for the qualified project; and
 - (B) the rural community or rural health care special district enters into a loan contract with the office.
 - (ii) A loan contract under Subsection (5)(b)(i)(B):
 - (A) shall be secured by legally issued bonds, notes, or other evidence of indebtedness validly issued under state law, including pledging all or any portion of a revenue source controlled by the rural community or rural health care special district to the repayment of the loan; and
 - (B) may provide that a portion of the proceeds of the loan may be applied to fund a reserve fund to secure the repayment of the loan.
 - (c) A loan under this Subsection (5) shall bear interest as set by the office in consultation with the state treasurer.
 - (d) Before a rural community or rural health care special district may receive a loan from the office, the rural community or rural health care special district shall:
 - (i) publish the rural community's or rural health care special district's intention to obtain the loan at least once in accordance with the publication and notice requirements described in Section 11-14-316; and
 - (ii) adopt an ordinance or resolution authorizing the loan.
 - (e)

- (i) If a rural community or rural health care district that receives a loan from the office fails to comply with the terms of the loan contract, the office may seek any legal or equitable remedy to obtain compliance or payment of damages.
 - (ii) If a rural community or rural health care district fails to make loan payments when due, the state shall, at the request of the office, withhold an amount of money due to the rural community or rural health care district and deposit the withheld money into the fund to pay the amount due under the contract.
 - (iii) The office may elect when to take any action or request the withholding of money under this Subsection (5)(e).
 - (f) All loan contracts, bonds, notes, or other evidence of indebtedness securing any loans shall be collected and accounted for in accordance with Section 63B-1b-202.
- (6)
- (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and in collaboration with the advisory committee, the office shall make rules to administer the program.
 - (b) The rules under Subsection (6)(a) shall establish:
 - (i) eligibility criteria for a rural community or business entity to receive a grant or loan under the program;
 - (ii) application requirements;
 - (iii) funding match requirements for a rural community to receive a grant under Subsection (4)(b);
 - (iv) a process for prioritizing grant and loan applications; and
 - (v) reporting requirements.
- (7) The office shall include the following information in the annual written report described in Section 63N-1a-306:
- (a) the total amount of grants and loans the office awarded to rural communities, rural health care special districts, and business entities under the program;
 - (b) a description of the projects for which the office awarded a grant or loan under the program;
 - (c) the total amount of outstanding debt service that is being repaid by a grant or loan awarded under the program;
 - (d) whether the grants and loans awarded under the program have resulted in economic development within rural communities; and
 - (e) the office's recommendations regarding the effectiveness of the program and any suggestions for legislation.

Amended by Chapter 513, 2024 General Session

63N-4-803 County Economic Opportunity Advisory Board.

- (1)
- (a) Each rural county that seeks to obtain a grant from the office under Subsection 63N-4-802(4)(a), shall create a CEO board composed of at least the following members appointed by the county legislative body:
 - (i) a county representative;
 - (ii) a representative of a municipality in the county;
 - (iii) a workforce development representative;
 - (iv) a private-sector representative; and
 - (v) a member of the public who lives in the county.

- (b) The county legislative body may also appoint additional members with experience or expertise in economic development matters.
- (c) In appointing members of the CEO board, the county legislative body may consider gender and socioeconomic diversity.
- (2) Each CEO board shall assist and advise the county legislative body on:
 - (a) applying for a grant under Subsection 63N-4-802(4)(a);
 - (b) what projects should be funded by grant money provided to a rural county under Subsection 63N-4-802(4)(a); and
 - (c) preparing reporting requirements for grant money received by a rural county under Subsection 63N-4-802(4)(a).

Renumbered and Amended by Chapter 362, 2022 General Session

63N-4-804 Rural Opportunity Advisory Committee.

- (1) There is created within the office the Rural Opportunity Advisory Committee.
- (2) The advisory committee shall be composed of seven members appointed by the executive director, at least five of whom shall reside in a rural county.
- (3) The advisory committee shall advise and make recommendations to the office regarding the awarding of grants and loans under the Rural Opportunity Program.
- (4)
 - (a) Subject to Subsection (4)(b), each member of the advisory committee shall be appointed for a four-year term unless a member is appointed to complete an unexpired term.
 - (b) The executive director may adjust the length of term at the time of appointment or reappointment so that approximately half of the advisory committee is appointed every two years.
- (5) The advisory committee shall annually elect a chair from among the advisory committee's members.
- (6) A majority of the advisory committee constitutes a quorum for the purpose of conducting advisory committee business and the action of a majority of a quorum constitutes the action of the advisory committee.
- (7) The office shall provide staff support for the advisory committee.
- (8) A member may not receive compensation or benefits for the member's service, but may receive per diem and travel expenses in accordance with:
 - (a) Section 63A-3-106;
 - (b) Section 63A-3-107; and
 - (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and 63A-3-107.

Enacted by Chapter 362, 2022 General Session

63N-4-805 Rural Opportunity Fund.

- (1) There is created an enterprise fund known as the "Rural Opportunity Fund".
- (2) The fund shall be administered by the office for the purposes described in Subsection (5).
- (3) The fund consists of:
 - (a) money appropriated by the Legislature;
 - (b) donations or grants from public or private entities; and
 - (c) all money collected from the repayment of fund money used for a loan issued under the Rural Opportunity Program.
- (4)

- (a) The fund shall earn interest.
- (b) All interest earned on money in the fund shall be deposited into the fund.
- (5) Money in the fund may only be used by the office to:
 - (a) award grants and loans under the Rural Opportunity Program;
 - (b) award grants under the Rural Employment Expansion Program created in Section 63N-4-403;
 - (c) award grants under the Rural Coworking and Innovation Center Grant Program created in Section 63N-4-503; and
 - (d) pay for administrative costs related to this chapter.
- (6) The office may establish separate accounts in the fund for separate programs, administrative and operating expenses, or any other purpose to implement this chapter.
- (7) Money in the fund shall be invested by the state treasurer as provided in Title 51, Chapter 7, State Money Management Act, and the earnings from the investments shall be credited to the fund.
- (8) The office shall include a report of how money from the fund was used in the annual written report described in Section 63N-1a-306.

Enacted by Chapter 362, 2022 General Session