

1 (c) provides clear evidence of the need for development in the [community] municipality.

2 (3) [The] An application filed under Subsection (1) or (2) shall be in a form and in
3 accordance with procedures approved by the department, and shall include the following
4 information:

5 (a) a plan developed by the county applicant or municipal applicant that identifies local
6 contributions meeting the requirements of Section 9-2-405;

7 (b) the county applicant or municipal applicant has a development plan that outlines:

8 (i) the types of investment and development within the zone that the county applicant or
9 municipal applicant expects to take place if the incentives specified in this part are provided;

10 (ii) the specific investment or development reasonably expected to take place;

11 (iii) any commitments obtained from businesses;

12 (iv) the projected number of jobs that will be created and the anticipated wage level of
13 those jobs;

14 (v) any proposed emphasis on the type of jobs created, including any affirmative action
15 plans; and

16 (vi) a copy of the county applicant's or municipal applicant's economic development plan
17 to demonstrate coordination between the zone and overall county or municipal goals;

18 (c) the county applicant's or municipal applicant's proposed means of assessing the
19 effectiveness of the development plan or other programs to be implemented within the zone once
20 they have been implemented;

21 (d) any additional information required by the department; and

22 (e) any additional information the county applicant or municipal applicant considers
23 relevant to its designation as an enterprise zone.

24 Section 2. Section **9-2-413** is amended to read:

25 **9-2-413. State tax credits.**

26 (1) Subject to the limitations of Subsections (2) through (4), the following state tax credits
27 against individual income [tax] taxes or corporate franchise [tax] and income taxes are applicable
28 in an enterprise zone:

29 (a) a tax credit of \$750 may be claimed by a business for each new full-time position filled
30 for not less than six months during a given tax year;

31 (b) an additional \$500 tax credit may be claimed if the new position pays at least 125%

1 of:

2 (i) the county average monthly nonagricultural payroll wage for the respective industry
3 as determined by the Department of Workforce Services; or

4 (ii) if the county average monthly nonagricultural payroll wage is not available for the
5 respective industry, the total average monthly nonagricultural payroll wage in the respective
6 county where the enterprise zone is located;

7 (c) an additional credit of \$750 may be claimed if the new position is in a business that
8 adds value to agricultural commodities through manufacturing or processing;

9 (d) an additional credit of \$200 may be claimed for two consecutive years for each new
10 employee who is insured under an employer-sponsored health insurance program if the employer
11 pays at least 50% of the premium cost for two consecutive years;

12 (e) a credit of 50% of the value of a cash contribution to a private nonprofit corporation,
13 except that the credit claimed may not exceed \$100,000:

14 (i) that is exempt from federal income taxation under Section 501(c)(3), Internal Revenue
15 Code;

16 (ii) whose primary purpose is community and economic development; and

17 (iii) that has been accredited by the board of directors of the Utah Rural Development
18 Council;

19 (f) a credit of 25% of the first \$200,000 spent on rehabilitating a building in the enterprise
20 zone that has been vacant for two years or more; and

21 (g) an annual investment tax credit of 10% of the first \$250,000 in investment, and 5% of
22 the next \$1,000,000 qualifying investment in plant, equipment, or other depreciable property.

23 (2) (a) Subject to the limitations of Subsection (2)(b), a business claiming a credit under
24 Subsections (1)(a) through (d) may claim a credit for 30 full-time employee positions or less in
25 each of its taxable years.

26 (b) A business that received a credit for its full-time employee positions under Subsections
27 (1)(a) through (d) may claim an additional credit for a full-time employee position under
28 Subsections (1)(a) through (d) if:

29 (i) the business creates a new full-time employee position;

30 (ii) the total number of full-time employee positions at the business is greater than the
31 number of full-time employee positions previously claimed by the business under Subsections

1 (1)(a) through (d); and

2 (iii) the total number of credits the business has claimed for its current taxable year,
3 including the new full-time employee position for which the business is claiming a credit, is less
4 than or equal to 30.

5 (c) A business existing in an enterprise zone on the date of its designation shall calculate
6 the number of full-time positions based on the average number of employees reported to the
7 Department of Workforce Services.

8 (d) Construction jobs are not eligible for the tax credit under Subsections (1)(a) through
9 (d).

10 [~~(3) Tax credits not claimed by a business on its state income tax return within three years~~
11 ~~are forfeited.~~]

12 (3) If the amount of a tax credit under this section exceeds a business entity's tax liability
13 under this chapter for a taxable year, the amount of the credit exceeding the liability may be carried
14 forward for a period that does not exceed the next three taxable years.

15 (4) (a) If a business entity is located in a county that met the requirements of Subsections
16 9-2-404(1)(b) and (c) but did not qualify as an enterprise zone prior to January 1, 1998, because
17 the county was located in a metropolitan statistical area in more than one state, the business entity:

18 (i) shall qualify for tax credits for a taxable year beginning on or after January 1, 1997, but
19 beginning before December 31, 1997;

20 (ii) may claim a tax credit as described in Subsection (4)(a) for a taxable year beginning
21 on or after January 1, 1997, but beginning before December 31, 1997; and

22 (iii) may qualify for tax credits for any taxable year beginning on or after January 1, 1998,
23 if the county is designated as an enterprise zone in accordance with this part.

24 (b) If a business entity claims a tax credit under Subsection (4)(a)(ii), the business entity:

25 (i) may claim the tax credit by filing for the taxable year beginning on or after January 1,
26 1997, but beginning before December 31, 1997:

27 (A) an individual income tax return;

28 (B) an amended individual income tax return;

29 (C) a corporate franchise and income tax return; or

30 (D) an amended corporate franchise and income tax return; and

31 (ii) may carry forward the tax credit to a taxable year beginning on or after January 1,

1 1998, in accordance with Subsection (3).

2 [(4)] (5) The tax credits under Subsections (1)(a) through (d) may not be claimed by a
3 business engaged in retail trade or by a public utilities business.

4 Section 3. **Retrospective operation.**

5 This act has retrospective operation to January 1, 1998.

Legislative Review Note
as of 1-8-98 8:02 AM

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel