

1 **COMMUNITY AND ECONOMIC DEVELOPMENT**

2 **AMENDMENTS**

3 1999 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Wayne A. Harper**

6 AN ACT RELATING TO COMMUNITY AND ECONOMIC DEVELOPMENT; EXPANDING
7 SCOPE OF THE COMMUNITY ECONOMIC DEVELOPMENT PROJECT FUND;
8 APPROPRIATING \$1,200,000 FROM THE GENERAL FUND; AND MAKING TECHNICAL
9 CORRECTIONS.

10 This act affects sections of Utah Code Annotated 1953 as follows:

11 AMENDS:

12 **9-2-1501**, as enacted by Chapter 301, Laws of Utah 1996

13 **9-2-1502**, as last amended by Chapter 391, Laws of Utah 1998

14 **9-2-1504**, as last amended by Chapter 391, Laws of Utah 1998

15 **9-2-1505**, as enacted by Chapter 301, Laws of Utah 1996

16 **9-2-1506**, as last amended by Chapter 391, Laws of Utah 1998

17 *Be it enacted by the Legislature of the state of Utah:*

18 Section 1. Section **9-2-1501** is amended to read:

19 **9-2-1501. Title -- Purpose.**

20 (1) This part is known as the "Community Economic Development Project Fund."

21 (2) The purpose of this part is to achieve the critical public purposes of fostering growth
22 of the state's economy and creating jobs throughout the state by encouraging:

23 (a) local governments and nonprofit economic development organizations to develop
24 projects that enhance the economic strengths of their communities; and

25 (b) the development of small businesses in Utah.

26 Section 2. Section **9-2-1502** is amended to read:

27 **9-2-1502. Definitions.**

28 As used in this part:

29 (1) "Administrator" means the Department of Community and Economic Development.

30 (2) "Board" means the Board of Business and Economic Development.

31 (3) "Fund" means the Community Economic Development Project Fund created in Section
32 9-2-1503.

33 (4) "Qualified small business" means a small business that:

34 (a) has one or more locations within Utah;

35 (b) is of a size that may be eligible for Small Business Administration loans under 13

36 C.F.R. 121; and

37 (c) prior to application for a loan or grant under this chapter, has not engaged in business
38 activities in Utah except for activities incidental to starting a business.

39 [(4)] (5) "Rural" means those communities located in the areas of the state defined by the
40 board in Title 9, Chapter 2, Part 12, Industrial Assistance Fund, as economically disadvantaged
41 rural targeted areas.

42 [(5)] (6) "Urban" means communities located within a standard metropolitan statistical
43 area, as designated by the United States Bureau of the Census.

44 Section 3. Section **9-2-1504** is amended to read:

45 **9-2-1504. Distribution of fund moneys.**

46 (1) The administrator shall:

47 (a) establish criteria and procedures for the grant and loan process as provided in Title 63,
48 Chapter 46a, Utah Administrative Rulemaking Act;

49 (b) determine the order in which [~~projects will be funded~~] grants or loans will be issued;
50 and

51 (c) make grants and loans from the fund;

52 (i) to any of the [~~entities~~] persons authorized by Section 9-2-1505; and

53 (ii) in accordance with Subsection (3).

54 (2) Two percent of the fund moneys may be used by the executive director for purposes
55 consistent with this chapter, including the payment of reasonable loan processing fees, but may not
56 be used to offset department or board administrative expenses.

57 (3) (a) Fund moneys remaining after distribution as provided in Subsection (2) shall be
58 distributed as follows:

59 (i) at least 50% of the moneys shall be distributed as loans to be repaid to the fund by the
60 entity receiving them~~[-with];~~

61 (ii) at least 50% of [those] the required amount of loans under Subsection (3)(a)(i) shall
62 be distributed to:

63 (A) communities meeting the requirements for enterprise zones in Section 9-2-404; or

64 (B) a qualified small business located in an enterprise zone under Section 9-2-404;

65 ~~[(ii)]~~ (iii) moneys not distributed as loans under Subsection (3)(a)(i) shall be distributed
66 as grants with:

67 (A) [fifty percent] 50% distributed to:

68 (I) communities meeting the requirements for enterprise zones in Section 9-2-404; [and]

69 or

70 (II) a qualified small business located in an enterprise zone under Section 9-2-404; and

71 (B) [fifty percent] 50% distributed to communities [not meeting the requirements for
72 enterprise zones in Section 9-2-404] or persons that do not meet the requirements of Subsection
73 (3)(a)(iii)(A).

74 (b) No more than 50% of the fund monies distributed as grants or loans under Subsection
75 (3)(a) may be distributed to urban areas of the state.

76 Section 4. Section **9-2-1505** is amended to read:

77 **9-2-1505. Entities authorized to receive fund moneys.**

78 The administrator, with advice of the board, may make grants or loans to:

79 (1) local governments; [and]

80 (2) regional or statewide nonprofit economic development organizations~~[-];~~ and

81 (3) qualified small businesses.

82 Section 5. Section **9-2-1506** is amended to read:

83 **9-2-1506. Application process and priorities.**

84 (1) For a grant or loan to a qualified small business, the administrator:

85 (a) may accept applications for a loan or grant from a qualified small business at any time;

86 (b) may not issue a grant or loan to a qualified small business in excess of \$15,000; and

87 (c) as a condition of issuing the grant or loan, shall require that the qualified small business
88 use the grant or loan solely for the acquisition of any of the following intended to have long-term
89 beneficial use:

90 (i) furniture;

91 (ii) fixtures; or

92 (iii) equipment.

93 (2) For grants or loans to local governments and regional or statewide nonprofit economic
94 development organizations, the administrator shall:

95 ~~[(1)]~~ (a) ~~(i)~~ ~~[At]~~ at least once in each calendar year that moneys are available from the fund
96 for use by the administrator, ~~[the administrator shall]~~ provide notice of a grant and loan application
97 period to interested entities~~[-]; and~~

98 ~~[(b)]~~ ~~(ii)~~ ~~[The administrator shall]~~ accept applications for at least 90 days~~[-]; and~~

99 ~~[(2)]~~ (b) ~~[The administrator shall]~~ give preference to applications that demonstrate:

100 ~~[(a)]~~ (i) substantial leverage with other sources of financing;

101 ~~[(b)]~~ (ii) substantial contributions to total project costs, including allied contributions from
102 other sources, such as professional, craft and trade services, and community organizations;

103 ~~[(c)]~~ (iii) substantial local government project contributions in the form of infrastructure
104 improvements or other assistance;

105 ~~[(d)]~~ (iv) projects that encourage ownership, management, and other project-related
106 opportunities;

107 ~~[(e)]~~ (v) projects that demonstrate a strong probability of serving the original target group
108 or income level for a period of at least 15 years;

109 ~~[(f)]~~ (vi) projects where the applicant has demonstrated the ability, stability, and resources
110 to complete the project;

111 ~~[(g)]~~ (vii) projects that appear to serve the greatest need of the target group;

112 ~~[(h)]~~ (viii) projects that demonstrate economic development benefits for the state;

113 ~~[(i)]~~ (ix) projects that allow integration into a local government economic development
114 plan;

115 ~~[(j)]~~ (x) projects or businesses located in any part of the state that create new jobs in or
116 measurable positive economic impact on a rural area;

117 ~~[(k)]~~ (xi) projects or programs which require specialized training; and

118 ~~[(l)]~~ (xii) recreational or cultural projects which enhance the economic vitality of or
119 tourism in a community.

120 Section 6. **Appropriation.**

121 Except as provided in H.B. 4, Appropriations Coordination Act, there is appropriated from
122 the General Fund for fiscal year 1999-2000:

123 (1) \$1,000,000 to the Capital Access Fund created by Section 9-2-1303; and

124 (2) \$200,000 to the Community Economic Development Project Fund created by Section

125 9-2-1503.

Legislative Review Note

as of 1-26-99 7:31 AM

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

Office of Legislative Research and General Counsel