

**ENTERPRISE ZONE AMENDMENTS**

1999 GENERAL SESSION

STATE OF UTAH

**Sponsor: Beverly Ann Evans**

AN ACT RELATING TO COMMUNITY AND ECONOMIC DEVELOPMENT; AMENDING CRITERIA FOR ENTERPRISE ZONES AND TAX CREDITS; AND MAKING TECHNICAL CHANGES.

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

AMENDS:

**9-2-412**, as last amended by Chapter 275, Laws of Utah 1998

**9-2-413**, as last amended by Chapters 275 and 334, Laws of Utah 1998

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

Section 1. Section **9-2-412** is amended to read:

**9-2-412. Businesses qualifying for tax incentives.**

The tax incentives described in this part are available only to a business firm for which at least 51% of the employees employed at facilities of the firm located in the enterprise zone are individuals who, at the time of employment, reside in the [municipality or] county [that applied for] in which the enterprise zone [designation] is located.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) the total number of full-time employee positions at the business is greater than the number of full-time employee positions previously claimed by the business under Subsections (1)(a)

through (d); and

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

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

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

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

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

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

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

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

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

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

(A) an individual income tax return;

(B) an amended individual income tax return;

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

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

(ii) may carry forward the tax credit to a taxable year beginning on or after January 1, 1998,

in accordance with Subsection (3).

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