

Senator Leonard M. Blackham proposes the following substitute bill:

OUTSOURCING STATE JOBS

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Leonard M. Blackham

LONG TITLE

General Description:

This bill enacts provisions related to business development in rural Utah.

Highlighted Provisions:

This bill:

- ▶ provides for a smart site program dedicated to the development of technology-based industry in rural Utah in which services that might otherwise be performed by state agencies are outsourced to a smart site enterprise;

- ▶ provides for administration of the program by the Department of Community and Economic Development; and

- ▶ provides incentives to state agencies that award technology-based contracts to smart site enterprises.

Monies Appropriated in this Bill:

This bill appropriates:

- ▶ \$200,000 from the General Fund.

Other Special Clauses:

This bill takes effect on July 1, 2004.

Utah Code Sections Affected:

AMENDS:

9-2-404, as last amended by Chapter 292, Laws of Utah 2003



26 ENACTS:

27 **9-2-416**, Utah Code Annotated 1953



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

30 Section 1. Section **9-2-404** is amended to read:

31 **9-2-404. Criteria for designation of enterprise zones -- Application.**

32 (1) A county applicant seeking designation as an enterprise zone shall file an
33 application with the department that, in addition to complying with other requirements of this
34 part:

35 (a) verifies that the entire county is not located in a metropolitan statistical area that is
36 entirely located within Utah, except that this requirement does not apply to a third, fourth, fifth,
37 or sixth class county as classified under Section 17-50-501;

38 (b) verifies that the county has a population of 50,000 or less; and

39 (c) provides clear evidence of the need for development in the county.

40 (2) A municipal applicant seeking designation as an enterprise zone shall file an
41 application with the department that, in addition to complying with other requirements of this
42 part:

43 (a) verifies that the municipality is a city of the fifth class or a town;

44 (b) verifies that the municipality is within a county that has a population of 50,000 or
45 less; and

46 (c) provides clear evidence of the need for development in the municipality.

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

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

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

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

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

56 (iii) any commitments obtained from businesses;

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

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

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

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

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

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

69 Section 2. Section **9-2-416** is enacted to read:

70 **9-2-416. Technology-based service contracts within enterprise zones.**

71 (1) For purposes of this section:

72 (a) "Smart site enterprise" means a technology-based entity located within an enterprise
73 zone that is eligible to receive financial support under the department's smart site program.

74 (b) "Smart site program" means a program of the department dedicated to the
75 development of technology-based industry in rural Utah in which services that might otherwise
76 be performed by state agencies are outsourced to a smart site enterprise.

77 (c) "State agency" means the:

78 (i) Department of Commerce;

79 (ii) Department of Workforce Services;

80 (iii) Department of Transportation;

81 (iv) Department of Health;

82 (v) Department of Administrative Services;

83 (vi) Department of Public Safety;

84 (vii) Utah State Tax Commission; and

85 (viii) Department of Community and Economic Development.

86 (d) "Technology-based contract" means a contract between a state agency and a smart
87 site enterprise for the smart site enterprise to provide the following services:

- 88 (i) software development and computer programming;
- 89 (ii) website design;
- 90 (iii) systems integration;
- 91 (iv) AutoCad/GIS mapping;
- 92 (v) help desk support, customer relationship management, and telephone or Internet
- 93 surveys;
- 94 (vi) computer graphics, animation, or illustration;
- 95 (vii) medical billing, coding, transcription, and related medical informatics services;
- 96 (viii) data entry, data conversion, and imaging;
- 97 (ix) information technology training and e-learning;
- 98 (x) network development, management, service, and support;
- 99 (xi) telecommunications technologies;
- 100 (xii) database development and applications;
- 101 (xiii) multimedia and digital technologies, including DVD;
- 102 (xiv) technical writing;
- 103 (xv) insurance and benefits administration;
- 104 (xvi) data warehousing and storage or web hosting;
- 105 (xvii) billing services; and
- 106 (xviii) information technology consulting.
- 107 (2) The department has the following responsibilities for the smart site program
- 108 authorized under this section:
- 109 (a) to provide market incentives identified in Subsection (4) to eligible state agencies
- 110 and provide technical assistance as appropriate;
- 111 (b) to administer funding and initiate interagency transfers consistent with the
- 112 provisions of this section;
- 113 (c) to provide state agencies with a listing of smart site enterprises;
- 114 (d) to designate a smart site program director and notify state agencies of the
- 115 designation; and
- 116 (e) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
- 117 make rules necessary to administer this section.
- 118 (3) A state agency has the following responsibilities if participating in the smart site

119 program offered under this section:

120 (a) to enter into a memorandum of understanding with the department indicating the
121 steps the agency shall take to encourage smart site enterprises to submit bids for
122 technology-based contracts; and

123 (b) to submit to the department by no later than July 30, an accounting of all
124 technology-based contracts awarded to smart site enterprises by the agency in the prior fiscal
125 year.

126 (4) (a) A state agency is eligible for an interagency transfer from the department for up
127 to 10% of all technology-based contracts awarded to a smart site enterprise under the
128 department's smart site program.

129 (b) The department shall determine the amount of the interagency transfer as follows:

130 (i) if the total number of requests for interagency transfers under the program does not
131 exceed the legislative appropriation for the fiscal year, each eligible agency shall receive a full
132 10% transfer; or

133 (ii) if the total number of requests for interagency transfers under the program exceeds
134 the appropriation for the fiscal year, the department shall prorate the amount of each transfer
135 based on the respective percentage of all technology-based contracts submitted to the
136 department by all eligible state agencies.

137 (c) (i) After determining the amount of each agency's interagency transfer as required
138 under Subsection (4)(b), the department shall transfer the amount to each agency's budget.

139 (ii) The department shall make the transfer no later than August 15 to supplement the
140 agency's budget for the fiscal year beginning just prior to the interagency transfer.

141 (iii) An agency may use the interagency transfer it receives under this Subsection (4)(c)
142 for any purpose related to the agency's mission or its duties and responsibilities, including the
143 payment of incentives and award bonuses for participating in the smart site program.

144 (d) Funding for the interagency transfer under Subsection (4)(c) shall come from the
145 prior fiscal year appropriation to the department.

146 (e) The appropriation to fund this section is nonlapsing to provide for the distribution
147 process outlined in Subsection (4).

148 **Section 3. Appropriation.**

149 (1) There is appropriated \$200,000 for fiscal year 2004-05 only, from the General Fund

150 to the Department of Community and Economic Development for the interagency transfer
151 referred to in Subsection 9-2-416(4).

152 (2) Appropriations to fund this section for fiscal years subsequent to 2004-05 are
153 subject to the Legislature's general budgetary process and future budget constraints.

154 Section 4. **Effective date.**

155 This bill takes effect on July 1, 2004.