

ECONOMIC DEVELOPMENT INCENTIVE AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kraig Powell

Senate Sponsor: Ralph Okerlund

LONG TITLE

General Description:

This bill modifies provisions related to the Industrial Assistance Account and the Rural Fast Track Program.

Highlighted Provisions:

This bill:

- ▶ amends the definition of "economic opportunities" to include the development of recreation infrastructure; and
- ▶ modifies which companies may qualify to receive incentives under the Rural Fast Track Program, including companies located in counties of the third, fourth, fifth, and sixth class under certain circumstances.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63M-1-902, as last amended by Laws of Utah 2010, Chapters 245 and 278

63M-1-904, as last amended by Laws of Utah 2014, Chapter 371

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

Section 1. Section **63M-1-902** is amended to read:

63M-1-902. Definitions.

30 As used in this part:

31 (1) "Administrator" means the director or the director's designee.

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

33 (3) "Company creating an economic impediment" means a company that discourages
34 economic development within a reasonable radius of its location because of:

35 (a) odors;

36 (b) noise;

37 (c) pollution;

38 (d) health hazards; or

39 (e) other activities similar to those described in Subsections (3)(a) through (d).

40 (4) "Economic opportunities" means unique business situations or community
41 circumstances, including the development of recreation infrastructure, which lend themselves
42 to the furtherance of the economic interests of the state by providing a catalyst or stimulus to
43 the growth or retention, or both, of commerce and industry in the state, including retention of
44 companies whose relocation outside the state would have a significant detrimental economic
45 impact on the state as a whole, regions of the state, or specific components of the state as
46 determined by the board.

47 (5) "Economically disadvantaged rural area" means a geographic area designated by the
48 board under Section [63M-1-910](#).

49 (6) "Replacement company" means a company locating its business or part of its
50 business in a location vacated by a company creating an economic impediment.

51 (7) "Restricted Account" means the restricted account known as the Industrial
52 Assistance Account created in Section [63M-1-903](#).

53 (8) "Targeted industry" means an industry or group of industries targeted by the board
54 under Section [63M-1-910](#), for economic development in the state.

55 Section 2. Section **63M-1-904** is amended to read:

56 **63M-1-904. Rural Fast Track Program -- Creation -- Funding -- Qualifications**
57 **for program participation -- Awards -- Reports.**

58 (1) (a) There is created the Rural Fast Track Program.

59 (b) The program is a funded component of the economically disadvantaged rural areas
60 designation in Subsection [63M-1-903\(1\)\(a\)](#).

61 (2) The purpose of the program is to provide an efficient way for small companies in
62 rural areas of the state to receive incentives for creating high paying jobs in those areas of the
63 state.

64 (3) (a) Twenty percent of the unencumbered amount in the Industrial Assistance
65 Account created in Subsection [63M-1-903\(1\)](#) at the beginning of each fiscal year shall be used
66 to fund the program.

67 (b) The 20% referred to in Subsection (3)(a) is not in addition to but is a part of the up
68 to 50% designation for economically disadvantaged rural areas referred to in Subsection
69 [63M-1-903\(1\)\(a\)](#).

70 (c) If any of the 20% allocation referred to in Subsection (3)(a) has not been used in the
71 program by the end of the third quarter of each fiscal year, that money may be used for any
72 other loan, grant, or assistance program offered through the Industrial Assistance Account
73 during the fiscal year.

74 (4) (a) To qualify for participation in the program a company [~~shall~~]:

75 (i) shall complete and file with the office an application for participation in the
76 program, signed by an officer of the company;

77 (ii) shall be located and conduct its business operations in a county in the state [~~that~~
78 ~~has: (A) a population of less than 30,000; and~~] of the third, fourth, fifth, or sixth class as
79 described in Section [17-50-501](#);

80 [~~(B) an average household income of less than \$60,000 as reflected in the most recently~~
81 ~~available data collected and reported by the United States Census Bureau;~~]

82 (iii) which is located and conducts its business operations in a third class county as
83 described in Section [17-50-501](#), may not be located and conduct its business operations within
84 a city that has a:

85 (A) population of more than 20,000; or

86 (B) median household income of more than \$70,000 as reflected in the most recently
87 available data collected and reported by the United States Census Bureau;

88 ~~[(iii)]~~ (iv) shall have been in business in the state for at least two years; and

89 ~~[(iv)]~~ (v) shall have at least two employees.

90 (b) (i) The office shall verify an applicant's qualifications under Subsection (4)(a).

91 (ii) The application must be approved by the administrator in order for a company to
92 receive an incentive or other assistance under this section.

93 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
94 administrator may make rules governing:

95 (i) the content of the application form referred to in Subsection (4)(a)(i);

96 (ii) who qualifies as an employee under Subsection (4)(a)(iv); and

97 (iii) the verification procedure referred to in Subsection (4)(b).

98 (5) (a) The administrator shall make incentive cash awards to small companies under
99 this section based on the following criteria:

100 (i) \$1,000 for each new incremental job that pays over 110% of the county's [~~average~~]
101 median annual wage;

102 (ii) \$1,250 for each incremental job that pays over 115% of the county's [~~average~~]
103 median annual wage; and

104 (iii) \$1,500 for each incremental job that pays over 125% of the county's [~~average~~]
105 median annual wage.

106 (b) The administrator shall make a cash award under Subsection (5)(a) when a new
107 incremental job has been in place for at least 12 months.

108 (c) The creation of a new incremental job by a company is based on the number of
109 employees at the company during the previous 24 months.

110 (d) (i) A small company may also apply for grants, loans, or other financial assistance
111 under the program to help develop its business in rural Utah and may receive up to \$50,000
112 under the program if approved by the administrator.

113 (ii) The board must approve a distribution that exceeds the \$50,000 cap under

114 Subsection (5)(d)(i).

115 (6) The administrator shall make a quarterly report to the board of the awards made by
116 the administrator under this section and submit a report to the office on the awards and their
117 impact on economic development in the state's rural areas for inclusion in the office's annual
118 written report described in Section [63M-1-206](#).