

ENTERPRISE ZONE AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Scott D. Sandall

Senate Sponsor: Ralph Okerlund

LONG TITLE

General Description:

This bill amends provisions related to the Enterprise Zone Act.

Highlighted Provisions:

This bill:

- ▶ modifies the population requirements for a county or a municipality to qualify for designation as an enterprise zone;
- ▶ modifies the eligibility of a retail business within an enterprise zone to receive certain tax credits; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63M-1-404, as last amended by Laws of Utah 2013, Chapter 358

63M-1-413, as last amended by Laws of Utah 2014, Chapter 259

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

Section 1. Section **63M-1-404** is amended to read:



28 **63M-1-404. Criteria for designation of enterprise zones -- Application.**

29 (1) A county applicant seeking designation as an enterprise zone shall file an
30 application with the office that, in addition to complying with the other requirements of this
31 part:

32 (a) verifies that the county has a population of not more than [~~50,000~~] 65,000; and

33 (b) provides clear evidence of the need for development in the county.

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

36 (a) verifies that the municipality has a population that does not exceed [~~15,000~~]
37 20,000;

38 (b) verifies that the municipality is within a county that has a population of not more
39 than [~~50,000~~] 65,000; and

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

41 (3) An application filed under Subsection (1) or (2) shall be in a form and in
42 accordance with procedures approved by the office, and shall include the following
43 information:

44 (a) a plan developed by the county applicant or municipal applicant that identifies local
45 contributions meeting the requirements of Section [63M-1-405](#);

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

47 (i) the types of investment and development within the zone that the county applicant

48 or municipal applicant expects to take place if the incentives specified in this part are provided;

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

50 (iii) any commitments obtained from businesses;

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

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

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

57 (c) the county applicant's or municipal applicant's proposed means of assessing the
58 effectiveness of the development plan or other programs within the zone once they have been

59 implemented within the zone;

60 (d) any additional information required by the office; and

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

63 Section 2. Section **63M-1-413** is amended to read:

64 **63M-1-413. State tax credits.**

65 (1) Subject to the limitations of Subsections (2) through (4), the following
66 nonrefundable tax credits against a tax under Title 59, Chapter 7, Corporate Franchise and
67 Income Taxes, or Title 59, Chapter 10, Individual Income Tax Act, are applicable in an
68 enterprise zone:

69 (a) a tax credit of \$750 may be claimed by a business entity for each new full-time
70 employee position created within the enterprise zone;

71 (b) an additional \$500 tax credit may be claimed if the new full-time employee position
72 created within the enterprise zone pays at least 125% of:

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

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

78 (c) an additional tax credit of \$750 may be claimed if the new full-time employee
79 position created within the enterprise zone is in a business entity that adds value to agricultural
80 commodities through manufacturing or processing;

81 (d) an additional tax credit of \$200 may be claimed for two consecutive years for each
82 new full-time employee position created within the enterprise zone that is filled by an
83 employee who is insured under an employer-sponsored health insurance program if the
84 employer pays at least 50% of the premium cost for the year for which the credit is claimed;

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

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

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

90 (iii) that has been accredited by the Governor's Rural Partnership Board;
91 (f) a tax credit of 25% of the first \$200,000 spent on rehabilitating a building in the
92 enterprise zone that has been vacant for two years or more; and
93 (g) an annual investment tax credit of 10% of the first \$250,000 in investment, and 5%
94 of the next \$1,000,000 qualifying investment in plant, equipment, or other depreciable
95 property.

96 (2) (a) Subject to the limitations of Subsection (2)(b), a business entity claiming tax
97 credits under Subsections (1)(a) through (d) may claim the tax credits for up to 30 full-time
98 employee positions per taxable year.

99 (b) A business entity that received a tax credit for one or more new full-time employee
100 positions under Subsections (1)(a) through (d) in a prior taxable year may claim a tax credit for
101 a new full-time employee position in a subsequent taxable year under Subsections (1)(a)
102 through (d) if:

103 (i) the business entity has created a new full-time position within the enterprise zone;
104 and

105 (ii) the total number of full-time employee positions at the business entity at any point
106 during the tax year for which the tax credit is being claimed is greater than the number of
107 full-time employee positions that existed at the business entity at any point during the taxable
108 year immediately preceding the taxable year for which the credit is being claimed.

109 (c) Construction jobs are not eligible for the tax credits under Subsections (1)(a)
110 through (d).

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

115 (4) Tax credits under Subsections (1)(a) through (g) may not be claimed by [~~a business~~
116 ~~entity primarily engaged in retail trade or by a public utilities business.];~~

117 (a) a public utilities business; or

118 (b) a business entity primarily engaged in retail trade if the enterprise zone is located in
119 a county with a population of more than 31,000.

120 (5) A business entity that has no employees:

- 121 (a) may not claim tax credits under Subsections (1)(a) through (d); and
122 (b) may claim tax credits under Subsections (1)(e) through (g).
123 (6) A business entity may not claim or carry forward a tax credit available under this
124 part for a taxable year during which the business entity has claimed the targeted business
125 income tax credit available under Section [63M-1-504](#).
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Legislative Review Note
as of 1-5-15 12:50 PM

Office of Legislative Research and General Counsel