

AMENDMENTS TO ECONOMIC DEVELOPMENT

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brian E. Shiozawa

House Sponsor: Rebecca P. Edwards

LONG TITLE

General Description:

This bill modifies provisions related to the Governor's Office of Economic Development (GOED).

Highlighted Provisions:

This bill:

- ▶ modifies the definition of "high paying jobs";
- ▶ requires that the executive director of GOED be appointed by the governor, with the consent of the Senate;
- ▶ modifies provisions related to GOED's administration of tax credit incentives, including the provision of tax-increment financing;
- ▶ modifies GOED's reporting of the credit incentives; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

⌠→ **This bill provides a coordination clause.** ←⌡

Utah Code Sections Affected:

AMENDS:

63M-1-202, as renumbered and amended by Laws of Utah 2008, Chapter 382

63M-1-2402, as enacted by Laws of Utah 2008, Chapter 372



- 28 **63M-1-2403**, as last amended by Laws of Utah 2010, Chapters 104 and 164
- 29 **63M-1-2404**, as last amended by Laws of Utah 2013, Chapter 392
- 30 **63M-1-2405**, as last amended by Laws of Utah 2013, Chapter 392
- 31 **63M-1-2406**, as last amended by Laws of Utah 2014, Chapter 371
- 32 **63M-1-2407**, as last amended by Laws of Utah 2013, Chapter 310

33 REPEALS:

- 34 **63M-1-2408**, as last amended by Laws of Utah 2010, Chapters 164, 323, and 391

34a **H→ Utah Code Sections Affected by Coordination Clause:**

- 34b **63M-1-2403, as last amended by Laws of Utah 2010, Chapters 104 and 164 ←H**



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

37 Section 1. Section **63M-1-202** is amended to read:

38 **63M-1-202. Director of office -- Appointment -- Removal -- Compensation.**

39 (1) The office shall be administered, [~~directed; controlled;~~] organized, and managed by
40 [a] an executive director appointed by the governor, with the consent of the Senate.

41 (2) The executive director serves at the pleasure of the governor.

42 (3) The salary of the executive director shall be established by the governor within the
43 salary range fixed by the Legislature in Title 67, Chapter 22, State Officer Compensation.

44 Section 2. Section **63M-1-2402** is amended to read:

45 **63M-1-2402. Findings.**

46 [~~(1) The Legislature finds that:~~]

47 [~~(a) to foster and develop industry in Utah is a public purpose necessary to assure
48 adequate employment for, and the welfare of, Utah's citizens and the growth of the state's
49 economy;~~]

50 [~~(b) Utah loses prospective high paying jobs, new economic growth, and corresponding
51 incremental new state and local revenues to competing states because of a wide variety of
52 competing economic incentives offered by those states, and]~~]

53 [~~(c) economic development initiatives and interests of state and local economic
54 development officials should be aligned and united in the creation of higher paying jobs that
55 will lift the wage levels of the communities in which those jobs will be created.]~~]

56 [(2)] This part is enacted to:

- 57 (1) foster and develop industry in the state, to provide additional employment
- 58 opportunities for Utah's citizens, and to improve the state's economy;

59 ~~[(a)]~~ (2) address the loss of prospective high paying jobs, the loss of new economic
60 growth, and the corresponding loss of incremental new state and local revenues ~~[by providing]~~
61 to competing states caused by economic incentives offered by those states;

62 (3) provide tax credits to attract new commercial projects and new jobs in economic
63 development zones in the state; and

64 ~~[(b)]~~ (4) provide a cooperative and unified working relationship between state and
65 local economic development efforts.

66 Section 3. Section **63M-1-2403** is amended to read:

67 **63M-1-2403. Definitions.**

68 As used in this part:

69 (1) "Business entity" means a person that enters into an agreement with the office to
70 initiate a new commercial project in Utah that will qualify the person to receive a tax credit
71 under Section [59-7-614.2](#) or [59-10-1107](#).

72 (2) "Community development and renewal agency" ~~[is as]~~ has the same meaning as
73 that term is defined in Section [17C-1-102](#).

74 (3) "Development zone" means an economic development zone created under Section
75 [63M-1-2404](#).

76 (4) "High paying jobs" means:

77 (a) with respect to a business entity, the aggregate average annual gross wages, not
78 including healthcare or other paid or unpaid benefits, of newly created full-time employment
79 positions in a business entity that ~~[compare favorably against]~~ are at least 110% of the average
80 wage of a community in which the employment positions will exist;

81 (b) with respect to a county, the aggregate average annual gross wages, not including
82 healthcare or other paid or unpaid benefits, of newly created full-time employment positions in
83 a new commercial project within the county that ~~[compare favorably against]~~ are at least 110%
84 of the average wage of the county in which the employment positions will exist; or

85 (c) with respect to a city or town, the aggregate average annual gross wages, not
86 including healthcare or other paid or unpaid benefits of newly created full-time employment
87 positions in a new commercial project within the city or town that ~~[compare favorably against]~~
88 are at least 110% of the average wages of the city or town in which the employment positions
89 will exist.

90 (5) "Local government entity" means a county, city, or town that enters into an
 91 agreement with the office to have a new commercial project that:

92 (a) is initiated within the county's, city's, or town's boundaries; and

93 (b) qualifies the county, city, or town to receive a tax credit under Section 59-7-614.2.

94 (6) (a) "New commercial project" means an economic development opportunity that
 95 involves new or expanded industrial, manufacturing, distribution, or business services in Utah.

96 (b) "New commercial project" does not include retail business.

97 (7) (a) "New incremental jobs" means ~~Ĥ~~→ **full-time employment positions that are filled by**
 98 **an employee working at least 30 hours per week for a period of at least six consecutive months**
 99 **and that are:] full-time employment positions that are filled by employees who works at least 30**
 99a **hours per week and that are: ←Ĥ**

100 [~~(a)~~ not shifted from one jurisdiction in the state to another jurisdiction in the state;
 101 and]

102 [~~(b)~~] (i) with respect to a business entity, created in addition to the baseline count of
 103 employment positions that existed within the business entity before the new commercial
 104 project;

105 (ii) with respect to a county, created as a result of a new commercial project with
 106 respect to which the county or a community development and renewal agency seeks to claim a
 107 tax credit under Section 59-7-614.2; or

108 (iii) with respect to a city or town, created as a result of a new commercial project with
 109 respect to which the city, town, or a community development and renewal agency seeks to
 110 claim a tax credit under Section 59-7-614.2.

110a ~~Ĥ~~→ **(b) "New incremental jobs" may include full-time equivalent positions that are filled by**
 110b **more than one employee, if each employee who works less than 30 hours per week is provided**
 110c **benefits comparable to a full-time employee.**

111 [~~(b)~~] (c) ←Ĥ "New incremental jobs" does not include jobs that are shifted from one
 111a jurisdiction
 112 in the state to another jurisdiction in the state.

113 (8) "New state revenues" means:

114 (a) with respect to a business entity:

115 (i) incremental new state sales and use tax revenues that a business entity pays under
 116 Title 59, Chapter 12, Sales and Use Tax Act, as a result of a new commercial project in a
 117 development zone;

118 (ii) incremental new state tax revenues~~[, if any,]~~ that a business entity pays as a result
 119 of a new commercial project in a development zone under:

120 (A) Title 59, Chapter 7, Corporate Franchise and Income Taxes;

- 121 (B) Title 59, Chapter 10, Part 1, Determination and Reporting of Tax Liability and
 122 Information;
- 123 (C) Title 59, Chapter 10, Part 2, Trusts and Estates;
- 124 (D) Title 59, Chapter 10, Part 4, Withholding of Tax; ~~Ĥ~~→ [H] or [H] ~~[and]~~ ←~~Ĥ~~
- 125 (E) a combination of Subsections (8)(a)(ii)(A) through (D);
- 126 (iii) incremental new state tax revenues paid as individual income taxes under Title 59,
 127 Chapter 10, Part 1, Determination and Reporting of Tax Liability and Information, by
 128 employees of a new or expanded industrial, manufacturing, distribution, or business service
 129 within a new commercial project as evidenced by payroll records that indicate the amount of
 130 employee income taxes withheld and transmitted to the State Tax Commission by the new or
 131 expanded industrial, manufacturing, distribution, or business service within the new
 132 commercial project; or
- 133 (iv) a combination of Subsections (8)(a)(i) through (iii); or
- 134 (b) with respect to a local government entity:
- 135 (i) incremental new state sales and use tax revenues that are collected under Title 59,
 136 Chapter 12, Sales and Use Tax Act, as a result of a new commercial project in a development
 137 zone;
- 138 (ii) incremental new state tax revenues~~[, if any,]~~ that are collected as a result of a new
 139 commercial project in a development zone under:
- 140 (A) Title 59, Chapter 7, Corporate Franchise and Income Taxes;
- 141 (B) Title 59, Chapter 10, Part 1, Determination and Reporting of Tax Liability and
 142 Information;
- 143 (C) Title 59, Chapter 10, Part 2, Trusts and Estates;
- 144 (D) Title 59, Chapter 10, Part 4, Withholding of Tax; ~~Ĥ~~→ [H] or [H] ~~[and]~~ ←~~Ĥ~~
- 145 (E) a combination of Subsections (8)(b)(ii)(A) through (D);
- 146 (iii) incremental new state tax revenues paid as individual income taxes under Title 59,
 147 Chapter 10, Part 1, Determination and Reporting of Tax Liability and Information, by
 148 employees of a new or expanded industrial, manufacturing, distribution, or business service
 149 within a new commercial project as evidenced by payroll records that indicate the amount of
 150 employee income taxes withheld and transmitted to the State Tax Commission by the new or
 151 expanded industrial, manufacturing, distribution, or business service within the new

152 commercial project; or

153 (iv) a combination of Subsections (8)(b)(i) through (iii).

154 [~~(9) "Office" means the Governor's Office of Economic Development.~~]

155 [~~(10)~~] (9) "Significant capital investment" means an amount of at least \$10,000,000 to
156 purchase [a] capital [asset] or [a] fixed [asset] assets, which may include real property, personal
157 property, and other fixtures related to a new commercial project:

158 [~~(a) with the primary purpose of the investment to increase a business entity's rate at~~
159 ~~which it produces goods based on output per unit of labor;~~]

160 [~~(b)~~] (a) that represents an expansion of existing [Utah] operations[~~;~~and] in the state;

161 or

162 [~~(c)~~] (b) that maintains or increases the business entity's existing [Utah] work force in
163 the state.

164 [~~(11)~~] (10) "Tax credit" means an economic development tax credit created by Section
165 [59-7-614.2](#) or [59-10-1107](#).

166 [~~(12)~~] (11) "Tax credit amount" means the amount the office lists as a tax credit on a
167 tax credit certificate for a taxable year.

168 [~~(13)~~] (12) "Tax credit certificate" means a certificate issued by the office that:

169 (a) lists the name of the business entity, local government entity, or community
170 development and renewal agency to which the office authorizes a tax credit;

171 (b) lists the business entity's, local government entity's, or community development and
172 renewal agency's taxpayer identification number;

173 (c) lists the amount of tax credit that the office authorizes the business entity, local
174 government entity, or community development and renewal agency for the taxable year; and

175 (d) may include other information as determined by the office.

176 Section 4. Section **63M-1-2404** is amended to read:

177 **63M-1-2404. Creation of economic development zones -- Tax credits --**

178 **Assignment of tax credit.**

179 (1) The office, with advice from the board, may create an economic development zone
180 in the state [~~that satisfies all of~~] if the following requirements are satisfied:

181 (a) the area is zoned commercial, industrial, manufacturing, business park, research
182 park, or other appropriate business related use in a community-approved master plan;

183 (b) the request to create a development zone has ~~[been forwarded to the office after]~~
 184 first ~~[being]~~ been approved by an appropriate local government entity; and

185 (c) local incentives have been ~~[committed]~~ or will be committed to be provided within
 186 the area.

187 (2) (a) ~~[By following the procedures and requirements of]~~ In accordance with Title
 188 63G, Chapter 3, Utah Administrative Rulemaking Act, the office shall make rules establishing
 189 the ~~[conditions that]~~ requirements for a business entity or local government entity ~~[shall meet]~~
 190 to qualify for a tax credit for a new commercial project in a development zone under this part.

191 (b) The office shall ensure that the ~~[conditions]~~ requirements described in Subsection
 192 (2)(a) include the following ~~[requirements]~~:

193 (i) the new commercial project ~~[must be]~~ is within the development zone;

194 (ii) the new commercial project includes direct investment within the geographic
 195 boundaries of the development zone;

196 (iii) the new commercial project brings new incremental jobs to Utah;

197 ~~[(iv) the new commercial project includes significant capital investment, the creation of~~
 198 ~~high paying jobs, or significant purchases from Utah vendors and providers, or any~~
 199 ~~combination of these three economic factors;]~~

200 (iv) the new commercial project includes the creation of high paying jobs in the state,
 201 significant capital investment in the state, or significant purchases from vendors and providers
 202 in the state, or a combination of these three economic factors;

203 (v) the new commercial project generates new state revenues; and

204 (vi) ~~[(A)]~~ a business entity ~~[or]~~, a local government entity ~~[qualifying for the tax~~
 205 ~~credit]~~, or a community development and renewal agency to which a local government entity
 206 assigns a tax credit under this section meets the requirements of Section ~~63M-1-2405~~ ~~[; or]~~.

207 ~~[(B) a community development and renewal agency to which a local government entity~~
 208 ~~assigns a tax credit under this section meets the requirements of Section 63M-1-2405.]~~

209 (3) (a) ~~[Subject to the other provisions of this Subsection (3), the office, with advice~~
 210 ~~from]~~ The office, after consultation with the board, may enter into [an] a written agreement
 211 with a business entity or local government entity authorizing a tax credit to the business entity
 212 or local government entity if the business entity or local government entity meets the [standards
 213 established under Subsection (2)] requirements described in this section.

214 (b) (i) With respect to ~~[one]~~ a new commercial project, the office may authorize a tax
 215 credit to a business entity or a local government entity, but not both.

216 (ii) In determining whether to authorize a tax credit with respect to ~~[one]~~ a new
 217 commercial project to a business entity or a local government entity, the office shall authorize
 218 the tax credit in a manner that the office determines will result in providing the most effective
 219 incentive for the new commercial project.

220 (c) (i) ~~[The]~~ Except as provided in Subsection (3)(c)(ii), the office may not authorize or
 221 commit to authorize a tax credit ~~[if that tax credit]~~ that exceeds:

222 (A) 50% of the new state revenues from the new commercial project in any given year;
 223 or

224 (B) 30% of the new state revenues from the new commercial project over the lesser of
 225 the life of a new commercial project or 20 years~~[, whichever is less].~~

226 ~~Ŝ → [(ii)] ←Ŝ [Notwithstanding Subsection (3)(c)(i), the] Ŝ → [The office may authorize or~~
 226a ~~commit to~~

227 ~~authorize a tax credit not exceeding 60% of new state revenues from the new commercial~~

228 ~~project in any given year, if the eligible business entity]~~ ←Ŝ [creates a significant number of high
 229 paying jobs and] Ŝ → [makes capital expenditures in the state of at least \$1,000,000,000.]

229a **(ii) If the eligible business entity makes capital expenditures in the state of \$1,500,000,000 or**
 229b **more associated with a new commercial project, the office may:**

229c **(A) authorize or commit to authorize a tax credit not exceeding 60% of new state revenues**
 229d **over the lesser of the life of the project or 20 years, if the other requirements of this part are**
 229e **met;**

229f **(B) establish the year that state revenues and incremental jobs baseline data are measured for**
 229g **purposes of an incentive under this Subsection (3)(c)(ii); and**

229h **(C) offer an incentive under this Subsection (3)(c)(ii) or modify an existing incentive previously**
 229i **granted under Subsection (3)(c)(i) that is based on the baseline measurements described in**
 229j **Subsection (3)(c)(ii)(B), except that the incentive may not authorize or commit to authorize a**
 229k **tax credit of more than 60% of new state revenues in any one year.** ←Ŝ

230 (d) (i) A local government entity may by resolution assign a tax credit ~~[that]~~ authorized
 231 by the office ~~[authorizes to the local government entity]~~ to a community development and
 232 renewal agency.

233 (ii) The local government entity shall provide a copy of the resolution described in
 234 Subsection (3)(d)(i) to the office.

235 (iii) If a local government entity assigns a tax credit to a community development and

236 renewal agency[~~:(A)~~], the written agreement described in [~~this section~~] Subsection (3)(a) shall:
237 [~~(F)~~] (A) be [~~among~~] between the office, the local government entity, and the
238 community development and renewal agency; [~~and~~]
239 [~~(H)~~] (B) establish[~~:(Aa)~~] the obligations of the local government entity and the
240 community development and renewal agency; and
241 [~~(Bb)~~] (C) establish the extent to which any of the local government entity's obligations
242 are transferred to the community development and renewal agency[~~;~~].
243 (iv) If a local government entity assigns a tax credit to a community development and
244 renewal agency:

245 ~~[(B)]~~ (A) the community development and renewal agency shall retain records as
246 described in Subsection (4)(d); and

247 ~~[(C)]~~ (B) a tax credit certificate issued in accordance with Section 63M-1-2406 shall
248 list the community development and renewal agency as the ~~[name of the]~~ named applicant.

249 (4) ~~[Subject to Subsection (3), the]~~ The office shall ensure that the written agreement
250 described in Subsection (3):

251 (a) ~~[details]~~ specifies the requirements that the business entity or local government
252 entity shall meet to qualify for a tax credit under this part;

253 (b) specifies the maximum amount of tax credit that the business entity or local
254 government entity may be authorized for a taxable year and over the life of the new commercial
255 project;

256 (c) establishes the length of time the business entity or local government entity may
257 claim a tax credit;

258 (d) requires the business entity or local government entity to retain records supporting a
259 claim for a tax credit for at least four years after the business entity or local government entity
260 claims a tax credit under this part; and

261 (e) requires the business entity or local government entity to submit to audits for
262 verification of the tax credit claimed.

263 Section 5. Section **63M-1-2405** is amended to read:

264 **63M-1-2405. Qualifications for tax credit -- Procedure.**

265 (1) The office shall certify a business entity's or local government entity's eligibility for
266 a tax credit as provided in this ~~[section]~~ part.

267 (2) A business entity or local government entity seeking to receive a tax credit as
268 provided in this part shall provide the office with:

269 (a) an application for a tax credit certificate, including a certification, by an officer of
270 the business entity, of any signature on the application;

271 (b) (i) for a business entity, documentation of the new state revenues from the business
272 entity's new commercial project that were paid during the preceding calendar year; or

273 (ii) for a local government entity, documentation of the new state revenues from the
274 new commercial project within the area of the local government entity that were paid during
275 the preceding calendar year;

276 (c) known or expected detriments to the state or existing businesses in the state;
277 (d) if a local government entity seeks to assign the tax credit to a community
278 development and renewal agency [~~in accordance with~~] as described in Section 63M-1-2404, a
279 statement providing the name and taxpayer identification number of the community
280 development and renewal agency to which the local government entity seeks to assign the tax
281 credit;

282 (e) (i) with respect to a business entity, a document that expressly directs and
283 authorizes the State Tax Commission to disclose to the office the business entity's returns and
284 other information that would otherwise be subject to confidentiality under Section 59-1-403 or
285 Section 6103, Internal Revenue Code[~~, to the office~~];

286 (ii) with respect to a local government entity that seeks to claim the tax credit:

287 (A) a document that expressly directs and authorizes the State Tax Commission to
288 disclose to the office the local government entity's returns and other information that would
289 otherwise be subject to confidentiality under Section 59-1-403 or Section 6103, Internal
290 Revenue Code[~~, to the office~~]; and

291 (B) if the new state revenues collected as a result of a new commercial project are
292 attributable in whole or in part to a new or expanded industrial, manufacturing, distribution, or
293 business service within a new commercial project within the area of the local government
294 entity, a document signed by an authorized representative of the new or expanded industrial,
295 manufacturing, distribution, or business service that:

296 (I) expressly directs and authorizes the State Tax Commission to disclose to the office
297 the returns of [~~that~~] the new or expanded industrial, manufacturing, distribution, or business
298 service and other information that would otherwise be subject to confidentiality under Section
299 59-1-403 or Section 6103, Internal Revenue Code[~~, to the office~~]; and

300 (II) lists the taxpayer identification number of [~~that~~] the new or expanded industrial,
301 manufacturing, distribution, or business service; or

302 (iii) with respect to a local government entity that seeks to assign the tax credit to a
303 community development and renewal agency:

304 (A) a document signed by the members of the governing body of the community
305 development and renewal agency that expressly directs and authorizes the State Tax
306 Commission to disclose to the office the returns of the community development and renewal

307 agency and other information that would otherwise be subject to confidentiality under Section
308 59-1-403 or Section 6103, Internal Revenue Code~~[-to the office]~~; and

309 (B) if the new state revenues collected as a result of a new commercial project are
310 attributable in whole or in part to a new or expanded industrial, manufacturing, distribution, or
311 business service within a new commercial project within the community development and
312 renewal agency, a document signed by an authorized representative of the new or expanded
313 industrial, manufacturing, distribution, or business service that:

314 (I) expressly directs and authorizes the State Tax Commission to disclose to the office
315 the returns of [~~that~~] the new or expanded industrial, manufacturing, distribution, or business
316 service and other information that would otherwise be subject to confidentiality under Section
317 59-1-403 or Section 6103, Internal Revenue Code~~[-to the office]~~; and

318 (II) lists the taxpayer identification number of [~~that~~] the new or expanded industrial,
319 manufacturing, distribution, or business service; and

320 (f) for a business entity only, documentation that the business entity has satisfied the
321 performance benchmarks outlined in the written agreement described in Subsection
322 63M-1-2404(3)(a), including:

323 (i) the creation of new incremental jobs that are also high paying jobs;

324 [~~(i)~~] (ii) significant capital investment;

325 [~~(ii) the creation of high paying jobs;~~]

326 (iii) significant purchases from Utah vendors and providers; or

327 (iv) [~~any~~] a combination of [Subsections (2)(f)(i), (ii), and (iii)] these benchmarks.

328 (3) (a) The office shall submit the documents described in Subsection (2)(e) to the
329 State Tax Commission.

330 (b) Upon receipt of a document described in Subsection (2)(e), the State Tax
331 Commission shall provide the office with the returns and other information requested by the
332 office that the State Tax Commission is directed or authorized to provide to the office in
333 accordance with Subsection (2)(e).

334 (4) If, after review of the returns and other information provided by the State Tax
335 Commission, or after review of the ongoing performance of the business entity or local
336 government entity, the office determines that the returns and other information are inadequate
337 to provide a reasonable justification for authorizing or continuing a tax credit, the office shall:

338 (a) (i) deny the tax credit; or
339 (ii) terminate the agreement described in Subsection 63M-1-2404(3)(a) for failure to
340 meet the performance standards established in the agreement; or

341 (b) inform the business entity or local government entity that the returns or other
342 information were inadequate and ask the business entity or local government entity to submit
343 new documentation.

344 (5) If after review of the returns and other information provided by the State Tax
345 Commission, the office determines that the returns and other information provided by the
346 business entity or local government entity provide reasonable justification for authorizing a tax
347 credit, the office shall, based upon the returns and other information:

348 (a) determine the amount of the tax credit to be granted to the business entity, local
349 government entity, or if the local government entity assigns the tax credit [~~in accordance with~~]
350 as described in Section 63M-1-2404, to the community development and renewal agency to
351 which the local government entity assigns the tax credit;

352 (b) issue a tax credit certificate to the business entity, local government entity, or if the
353 local government entity assigns the tax credit [~~in accordance with~~] as described in Section
354 63M-1-2404, to the community development and renewal agency to which the local
355 government entity assigns the tax credit; and

356 (c) provide a duplicate copy of the tax credit certificate to the State Tax Commission.

357 (6) A business entity, local government entity, or community development and renewal
358 agency may not claim a tax credit unless the business entity, local government entity, or
359 community development and renewal agency has a tax credit certificate issued by the office.

360 (7) (a) A business entity, local government entity, or community development and
361 renewal agency may claim a tax credit in the amount listed on the tax credit certificate on its
362 tax return.

363 (b) A business entity, local government entity, or community development and renewal
364 agency that claims a tax credit under this section shall retain the tax credit certificate in
365 accordance with Section 59-7-614.2 or 59-10-1107.

366 Section 6. Section 63M-1-2406 is amended to read:

367 **63M-1-2406. Reports -- Posting monthly and annual reports -- Audit and study of**
368 **tax credits.**

369 (1) The office shall include the following information in the annual written report
370 described in Section [63M-1-206](#):

371 (a) the office's success in attracting new commercial projects to development zones
372 under this part and the corresponding increase in new incremental jobs;

373 (b) how many new incremental jobs and high paying jobs are employees of a company
374 that received tax credits under this part, including the number of employees who work for a
375 third-party rather than directly for a company, receiving the tax credits under this part;

376 ~~[(b)]~~ (c) the estimated amount of tax credit commitments made by the office and the
377 period of time over which tax credits will be paid;

378 ~~[(c)]~~ (d) the economic impact on the state ~~[related to generating]~~ from new state
379 revenues and ~~[providing]~~ the provision of tax credits under this part;

380 ~~[(d)]~~ (e) the estimated costs and economic benefits of the tax credit commitments ~~[that]~~
381 made by the office ~~[made]~~;

382 ~~[(e)]~~ (f) the actual costs and economic benefits of the tax credit commitments ~~[that]~~
383 made by the office ~~[made]~~; and

384 ~~[(f)]~~ (g) tax credit commitments ~~[that]~~ made by the office ~~[made]~~, with the associated
385 calculation.

386 (2) ~~[The]~~ Each month, the office shall ~~[monthly]~~ post on its website and on a state
387 website:

388 (a) the new tax credit commitments ~~[that]~~ made by the office ~~[made]~~ during the
389 previous month; and

390 (b) the estimated costs and economic benefits of those tax credit commitments.

391 (3) (a) On or before November 1, 2014, and every ~~[five]~~ three years after November 1,
392 2014, the office shall:

393 (i) conduct an audit of the tax credits allowed under Section [63M-1-2405](#);

394 (ii) study the tax credits allowed under Section [63M-1-2405](#); and

395 (iii) make recommendations concerning whether the tax credits should be continued,
396 modified, or repealed.

397 (b) ~~[An]~~ The audit ~~[under Subsection (3)(a)(i)]~~ shall include an evaluation of:

398 (i) the cost of the tax credits;

399 (ii) the purposes and effectiveness of the tax credits; ~~[and]~~

- 400 (iii) the extent to which the state benefits from the tax credits[-]; and
401 (iv) the state's return on investment under this part measured by new state revenues,
402 compared with the costs of tax credits provided and GOED's expenses in administering this
403 part.

404 Section 7. Section **63M-1-2407** is amended to read:

405 **63M-1-2407. Reports of new state revenues, partial rebates, and tax credits.**

406 (1) Before [~~December~~] October 1 of each year, the office shall submit a report to the
407 Governor's Office of Management and Budget, the Office of Legislative Fiscal Analyst, and the
408 Division of Finance identifying:

409 (a) (i) the total estimated amount of new state revenues created from new commercial
410 projects in [~~the~~] development zones; [~~and~~]

411 (ii) the estimated amount of new state revenues from new commercial projects in [~~the~~]
412 development zones that will be generated from:

413 (A) sales tax;

414 (B) income tax; and

415 (C) corporate franchise and income tax;

416 (b) (i) the total estimated amount of partial rebates as defined in Section **63M-1-2408**
417 that the office projects will be required to be paid in the next fiscal year; and

418 (ii) the estimated amount of partial rebates as defined in Section **63M-1-2408** that are
419 attributable to:

420 (A) sales tax;

421 (B) income tax; and

422 (C) corporate franchise and income tax; and

423 (iii) the minimum number of new incremental jobs and high paying jobs that will be
424 created before any tax credit is awarded; and

425 (c) the total estimated amount of tax credits that the office projects that business
426 entities, local government entities, or community development and renewal agencies will
427 qualify to claim under this part.

428 (2) By the first business day of each month, the office shall submit a report to the
429 Governor's Office of Management and Budget, the Office of Legislative Fiscal Analyst, and the
430 Division of Finance identifying:

- 431 (a) each new agreement entered into by the office since the last report;
- 432 (b) the estimated amount of new state revenues that will be generated under each
- 433 agreement; [~~and~~]
- 434 (c) the estimated maximum amount of tax credits that a business entity, local
- 435 government entity, or community development and renewal agency could qualify for under
- 436 each agreement[-]; and
- 437 (d) the minimum number of new incremental jobs and high paying jobs that will be
- 438 created before any tax credit is awarded.

439 (3) At the reasonable request of the Governor's Office of Management and Budget, the
 440 Office of Legislative Fiscal Analyst, or the Division of Finance, the office shall provide
 441 additional information about the tax credit, new incremental jobs and high paying jobs, costs,
 442 and economic benefits related to this part, if the information is part of a public record as
 443 defined in Section 63G-2-103.

444 Section 8. **Repealer.**

445 This bill repeals:

446 Section **63M-1-2408, Transition clause -- Renegotiation of agreements -- Payment**
 447 **of partial rebates.**

448 Section 9. **Effective date.**

449 This bill takes effect on September 1, 2015.

449a **Ĥ→ Section 10. Coordinating S.B. 179 with S.B. 18 -- Substantive and technical**
 449b **amendments.**

449c **If this S.B. 179 and S.B. 18, Governor's Office of Economic Development Revisions, both pass**
 449d **and become law, it is the intent of the Legislature that the amendments to Section 63M-1-2403**
 449e **in this bill supersede the amendments to the newly renumbered Section 63N-2-103 in S.B. 18**
 449f **when the Office of Legislative Research and General Counsel prepares the Utah Code**
 449g **database for publication.** ←Ĥ

Legislative Review Note
 as of 2-9-15 4:51 PM

Office of Legislative Research and General Counsel