

Representative Christine F. Watkins proposes the following substitute bill:

BUSINESS EXPANSION AND RETENTION

INITIATIVE AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Christine F. Watkins

Senate Sponsor: David P. Hinkins

LONG TITLE

General Description:

This bill modifies provisions related to the Business Expansion and Retention Initiative and the Rural Fast Track Program.

Highlighted Provisions:

This bill:

▸ requires that a certain amount of money from the Industrial Assistance Account be available to the Rural Fast Track Program and the Business Expansion and Retention Initiative each year;

▸ requires the Governor's Office of Economic Development to consider a recommendation from the Governor's Rural Partnership Board when awarding financial assistance under the Rural Fast Track Program and the Business Expansion and Retention Initiative;

▸ describes the Business Expansion and Retention Initiative;

▸ defines terms; and

▸ makes technical changes.

Money Appropriated in this Bill:

None



26 **Other Special Clauses:**

27 None

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **63C-10-103**, as last amended by Laws of Utah 2017, Chapter 252

31 **63N-3-103**, as renumbered and amended by Laws of Utah 2015, Chapter 283

32 **63N-3-104**, as last amended by Laws of Utah 2015, Chapter 115 and renumbered and
33 amended by Laws of Utah 2015, Chapter 283

34 ENACTS:

35 **63N-3-104.5**, Utah Code Annotated 1953



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

38 Section 1. Section **63C-10-103** is amended to read:

39 **63C-10-103. Duties.**

40 (1) The board shall:

41 (a) serve as an advisory board to:

42 (i) the governor on rural economic and planning issues; and

43 (ii) the Governor's Office of Economic Development on rural economic development
44 issues;

45 (b) prepare an annual strategic plan that:

46 (i) identifies rural economic development, planning, and leadership training challenges,
47 opportunities, priorities, and objectives; and

48 (ii) includes a work plan for accomplishing the objectives referred to in Subsection
49 (1)(b)(i);

50 (c) identify local, regional, and statewide rural economic development and planning
51 priorities;

52 (d) study and take input on issues relating to local, regional, and statewide rural
53 economic development, including challenges, opportunities, best practices, policy, planning,
54 and collaboration;

55 (e) advocate for rural needs, programs, policies, opportunities, and other issues relating
56 to rural economic development and planning;

57 (f) review projects in enterprise zones proposed by nonprofit corporations
 58 headquartered in enterprise zones as described in Subsection [63N-2-213.5\(6\)](#); ~~[and]~~
 59 (g) review applications for cash awards, grants, loans, or other financial assistance
 60 under:
 61 (i) the Rural Fast Track Program described in Section [63N-3-104](#); and
 62 (ii) the Business Expansion and Retention Initiative described in Section [63N-3-104.5](#);
 63 and
 64 ~~[(g)]~~ (h) no later than October 1 of each year, submit to the governor ~~[and to]~~, the
 65 Legislature, and the Economic Development and Workforce Services Interim Committee an
 66 annual report, in accordance with Section [68-3-14](#), that provides:
 67 (i) an overview of the rural economy in the state;
 68 (ii) a summary of current issues and policy matters relating to rural economic
 69 development; and
 70 (iii) a statement of the board's initiatives, programs, and economic development
 71 priorities.
 72 (2) The board may engage in activities necessary to fulfill the board's duties, including:
 73 (a) propose or support rural economic development legislation; and
 74 (b) create one or more subcommittees.

75 Section 2. Section **63N-3-103** is amended to read:
 76 **63N-3-103. Industrial Assistance Account created -- Uses -- Administrator duties**
 77 **-- Costs.**
 78 (1) There is created a restricted account within the General Fund known as the
 79 "Industrial Assistance Account" of which:
 80 (a) up to 50% may be used in economically disadvantaged rural areas; and
 81 (b) up to 25% may be used to take timely advantage of economic opportunities as they
 82 arise~~;~~and.
 83 ~~[(c) up to 4% may be used to promote business and economic development in rural~~
 84 ~~areas of the state with the Business Expansion and Retention Initiative.]~~
 85 (2) The administrator shall administer~~[(a)]~~ the restricted account created under
 86 Subsection (1)~~;~~] under the policy direction of the board~~;~~and.
 87 ~~[(b) the Business Expansion and Retention Initiative for the rural areas of the state.]~~

88 (3) The administrator may hire appropriate support staff to perform the duties required
89 under this section.

90 (4) The cost of administering the restricted account shall be paid from money in the
91 restricted account.

92 (5) Interest accrued from investment of money in the restricted account shall remain in
93 the restricted account.

94 Section 3. Section **63N-3-104** is amended to read:

95 **63N-3-104. Rural Fast Track Program -- Creation -- Funding -- Qualifications**
96 **for program participation -- Awards -- Reports.**

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

98 (b) The program is a funded component of the economically disadvantaged rural areas
99 designation in Subsection [63N-3-103\(1\)\(a\)](#).

100 (2) [~~The purpose of the program is to~~] In awarding a grant, loan, or other financial
101 assistance under this section, the administrator shall:

102 (a) consider whether the award will:

103 (i) provide an efficient way for small companies in rural areas of the state to receive
104 incentives for [~~creating~~] capital investment; and

105 (ii) lead to the creation of high paying jobs in [~~those~~] rural areas of the state[-]; and

106 (b) request and consider a recommendation from the Governor's Rural Partnership
107 Board created in Section [63C-10-102](#) regarding an applicant seeking a grant, loan, or other
108 financial assistance under Subsection (5)(d).

109 (3) (a) [~~Twenty percent of the unencumbered amount in~~] At least \$1,500,000 from the
110 Industrial Assistance Account created in Subsection [63N-3-103\(1\)](#) [~~at the beginning of each~~
111 fiscal year] shall be used to fund the program at the beginning of each fiscal year.

112 (b) The [~~20%~~] amount referred to in Subsection (3)(a) is not in addition to but is a part
113 of the up to 50% designation for economically disadvantaged rural areas referred to in
114 Subsection [63N-3-103\(1\)\(a\)](#).

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

- 119 (4) (a) To qualify for participation in the program a company:
120 (i) shall complete and file with the office an application for participation in the
121 program, signed by an officer of the company;
122 (ii) shall be located and conduct its business operations in a county in the state of the
123 third, fourth, fifth, or sixth class as described in Section 17-50-501;
124 (iii) ~~which~~ that is located and conducts its business operations in a county of the third
125 class ~~county~~ as described in Section 17-50-501, may not be located and conduct its business
126 operations within a city that has a:
127 (A) population of more than 20,000; or
128 (B) median household income of more than \$70,000 as reflected in the most recently
129 available data collected and reported by the United States Census Bureau;
130 (iv) shall have been in business in the state for at least two years; and
131 (v) shall have at least two employees.
132 (b) (i) The office shall verify an applicant's qualifications under Subsection (4)(a).
133 (ii) The application must be approved by the administrator in order for a company to
134 receive an incentive or other assistance under this section.
135 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
136 administrator may make rules governing:
137 (i) the content of the application form referred to in Subsection (4)(a)(i);
138 (ii) who qualifies as an employee under Subsection (4)(a)~~(iv)~~(v); and
139 (iii) the verification procedure referred to in Subsection (4)(b).
140 (5) (a) The administrator shall make incentive cash awards to small companies under
141 this section based on the following criteria:
142 (i) \$1,000 for each new incremental job that pays over 110% of the county's median
143 annual wage;
144 (ii) \$1,250 for each incremental job that pays over 115% of the county's median annual
145 wage; and
146 (iii) \$1,500 for each incremental job that pays over 125% of the county's median
147 annual wage.
148 (b) The administrator shall make a cash award under Subsection (5)(a) when a new
149 incremental job has been in place for at least 12 months.

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

152 (d) [(†)] A small company may also apply for grants, loans, or other financial assistance
153 under the program for capital investment to help develop its business in rural Utah and may
154 receive;

155 (i) up to \$50,000 under the program if approved by the administrator[-]; or

156 ~~[(ii) The board must approve a distribution that exceeds the \$50,000 cap under~~
157 ~~Subsection (5)(d)(i).]~~

158 (ii) over \$50,000 under the program if approved by the administrator and the board.

159 (6) The administrator shall make [~~a quarterly~~] an annual report to the board of the
160 awards made by the administrator under this section and submit a report to the office on the
161 awards and their impact on economic development in the state's rural areas for inclusion in the
162 office's annual written report described in Section [63N-1-301](#).

163 Section 4. Section **63N-3-104.5** is enacted to read:

164 **63N-3-104.5. Business Expansion and Retention Initiative -- Creation -- Funding**
165 **-- Qualifications for program participation -- Awards -- Reports.**

166 (1) As used in this section:

167 (a) "Business resource centers" means the same as that term is defined in Section
168 [63N-3-303](#).

169 (b) "Rural economic development entity" means a public, nonprofit, or private
170 organization primarily engaged in economic development efforts in a rural area of the state, and
171 may include:

172 (i) county, city, or tribal economic development offices;

173 (ii) associations of governments, established pursuant to an interlocal agreement under
174 Title 11, Chapter 13, Interlocal Cooperation Act;

175 (iii) business resource centers; or

176 (iv) small business development centers, established under the United States Small
177 Business Administration's small business development center program.

178 (2) (a) There is created the Business Expansion and Retention Initiative.

179 (b) The program is a funded component of the economically disadvantaged rural areas
180 designation in Subsection [63N-3-103\(1\)\(a\)](#).

- 181 (3) In awarding a grant under this section, the administrator shall:
- 182 (a) consider whether the grant will:
- 183 (i) assist new and existing rural businesses;
- 184 (ii) influence rural job creation; and
- 185 (iii) diversify Utah's rural economies; and
- 186 (b) request and consider a recommendation from the Governor's Rural Partnership
- 187 Board created in Section [63C-10-102](#) regarding an applicant seeking financial assistance under
- 188 this section.
- 189 (4) (a) At least \$350,000 from the Industrial Assistance Account created in Subsection
- 190 [63N-3-103](#)(1) shall be used to fund the program at the beginning of each fiscal year.
- 191 (b) The amount referred to in Subsection (4)(a) is not in addition to but is a part of the
- 192 up to 50% designation for economically disadvantaged rural areas referred to in Subsection
- 193 [63N-3-103](#)(1)(a).
- 194 (c) If any of the funding referred to in Subsection (4)(a) has not been used in the
- 195 program by the end of the third quarter of each fiscal year, that money may be used for any
- 196 other loan, grant, or assistance program offered through the Industrial Assistance Account
- 197 during the fiscal year.
- 198 (5) (a) To qualify for participation in the program a rural economic development entity:
- 199 (i) shall complete and file with the office an application for participation in the
- 200 program;
- 201 (ii) shall be located and conduct its operations in a county in the state of the third,
- 202 fourth, fifth, or sixth class as described in Section [17-50-501](#); and
- 203 (iii) that is located and conducts its operations in a county of the third class as
- 204 described in Section [17-50-501](#), may not be located and conduct its operations within a city
- 205 that has a:
- 206 (A) population of more than 20,000; or
- 207 (B) median household income of more than \$70,000 as reflected in the most recently
- 208 available data collected and reported by the United States Census Bureau.
- 209 (b) (i) The office shall verify an applicant's qualifications under Subsection (5)(a).
- 210 (ii) The application must be approved by the administrator in order for a rural
- 211 economic development entity to receive a grant under this section.

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

214 (i) the content of the application form referred to in Subsection (5)(a)(i); and

215 (ii) the verification procedure referred to in Subsection (5)(b).

216 (6) The board may issue a grant of no more than \$30,000 to a single rural economic
217 development entity under this section in any calendar year.

218 (7) A rural economic development entity shall use a grant awarded under this section
219 to:

220 (a) conduct outreach and information gathering efforts to better understand the needs of
221 local businesses; or

222 (b) engage in other activity approved by the administrator that is intended to expand or
223 retain businesses in a rural area of the state.

224 (8) The administrator shall make an annual report to the board of the awards made by
225 the administrator under this section and submit a report to the office on the awards and their
226 impact on economic development in the state's rural areas for inclusion in the office's annual
227 written report described in Section [63N-1-301](#).