

HB0212S01 compared with HB0212

~~{deleted text}~~ shows text that was in HB0212 but was deleted in HB0212S01.

Inserted text shows text that was not in HB0212 but was inserted into HB0212S01.

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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: _____

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:

- ▶ ~~{moves the approval authority for}~~ 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 ~~{and Rural Fast Track Program from}~~ each year;

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- ▶ requires the Governor's Office of Economic Development to consider a recommendation from the Governor's Rural Partnership Board~~;~~
- ▶ ~~creates the Rural Economic Development Account;~~
- ▶ ~~sets limits on the amount of money available to~~ when awarding financial assistance under the Rural Fast Track Program and the Business Expansion and Retention Initiative~~{ and Rural Fast Track Program}~~;
- ▶ describes the Business Expansion and Retention Initiative;~~{ and}~~
- ▶ defines terms~~{,}~~; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

- ~~{~~ ~~63C-10-102, as last amended by Laws of Utah 2014, Chapter 259~~
- ~~}~~ ~~63C-10-103, as last amended by Laws of Utah 2017, Chapter 252~~
- ~~63N-3-103, as renumbered and amended by Laws of Utah 2015, Chapter 283~~

~~{ENACTS:~~

- ~~}~~ ~~{63C-10-104, Utah Code Annotated 1953~~
- ~~63C-10-106, Utah Code Annotated 1953~~

~~RENUMBERS AND AMENDS:~~

- ~~63C-10-105, (Renumbered from) 63N-3-104, as last amended by Laws of Utah 2015, Chapter 115 and renumbered and amended by Laws of Utah 2015, Chapter 283~~~~}~~

ENACTS:

63N-3-104.5, Utah Code Annotated 1953

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

Section 1. Section ~~{63C-10-102}~~ 63C-10-103 is amended to read:

~~{~~ ~~63C-10-102. Governor's Rural Partnership Board -- Creation -- Membership -- Vacancies -- Chairs -- Expenses.~~

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- ~~—— (1) As used in this section:~~
- ~~—— (a) "Board" means the Governor's Rural Partnership Board, created in Subsection (2).~~
- ~~—— (b) "Executive committee" means the executive committee of the Governor's Rural Partnership Board, created in Subsection (5).~~
- ~~—— (2) There is created the Governor's Rural Partnership Board composed of 17 members as follows:~~
- ~~—— (a) the governor or the governor's designee;~~
- ~~—— (b) a rural member of the Utah Association of Counties' Board of Directors, appointed by the association's board;~~
- ~~—— (c) a rural member of the Utah League of Cities and Towns' Board of Directors, appointed by the league's board;~~
- ~~—— (d) the vice president of Utah State University's Extension Services or the vice president's designee;~~
- ~~—— (e) the president of Southern Utah University or the president's designee;~~
- ~~—— (f) a rural representative from the Department of Workforce Services, appointed by the Department of Workforce Services;~~
- ~~—— (g) the director of the Division of Indian Affairs or the director's designee;~~
- ~~—— (h) a representative from a rural association of governments;~~
- ~~—— (i) a rural representative of agriculture;~~
- ~~—— (j) a rural representative of the travel industry;~~
- ~~—— (k) a representative of rural utilities;~~
- ~~—— (l) a representative from the oil, gas, or mineral extraction industry; and~~
- ~~—— (m) five rural members appointed by the governor, at least one of which shall be a representative from a rural private business.~~
- ~~—— (3) (a) Except as required by Subsection (3)(b), board members identified in Subsections (2)(b), (c), (f), (h), (i), (j), (k), (l), and (m) shall be appointed for four-year terms.~~
- ~~—— (b) The governor shall, at the time of appointment or reappointment for members appointed under Subsection (2)(m), adjust the length of terms to ensure that the terms of these members are staggered so that approximately half of these five members are appointed every two years.~~
- ~~—— (c) When a vacancy occurs in the membership for any reason, the replacement shall be~~

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~~appointed for the unexpired term in the same manner as the vacated member was chosen.~~

~~—— (d) Once initial board appointments are made pursuant to Subsection (2)(m), recommendations for filling vacancies for any reason of those five board positions shall be made to the governor from a nominating committee consisting of:~~

~~—— (i) three individuals selected by the executive committee; and~~

~~—— (ii) three members of the board, selected by the board.~~

~~—— (e) The board may remove a member appointed under Subsection (2)(m) who does not attend at least 60% of the board's meetings in any calendar year.~~

~~—— (4) The governor or the governor's designee and a board member selected by majority vote of the board shall serve as cochaIRS of the board.~~

~~—— (5) The board's executive committee shall consist of four board members, as follows:~~

~~—— (a) the cochair selected by the board in accordance with Subsection (4);~~

~~—— (b) the board members described in Subsections (2)(d) and (e); and~~

~~—— (c) a board member selected by majority vote of the board.~~

~~—— (6) (a) The director of the Office of Rural Development shall serve as staff to the board and to the executive committee.~~

~~—— (b) In serving as staff to the board and to the executive committee, the director of the Office of Rural Development shall:~~

~~—— (i) perform all necessary administrative functions, including scheduling meetings and preparing agendas;~~

~~—— (ii) assist the board in the development and implementation of the board's initiatives and programs; [and]~~

~~—— (iii) work with board members to coordinate efforts and focus available resources to perform the board's duties, described in Section 63C-10-103[.]; and~~

~~—— (iv) administer:~~

~~—— (A) the Rural Fast Track Program described in Section 63C-10-105; and~~

~~—— (B) the Business Expansion and Retention Initiative described in Section 63C-10-106.~~

~~—— (7) The board shall meet at the call of the cochaIRS, but at least semiannually.~~

~~—— (8) A majority of the members of the board constitute a quorum.~~

~~—— (9) The action of a majority of a quorum constitutes the action of the board.~~

~~—— (10) A member may not receive compensation or benefits for the member's service, but~~

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~~may receive per diem and travel expenses in accordance with:~~

~~— (a) Section 63A-3-106;~~

~~— (b) Section 63A-3-107; and~~

~~— (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and 63A-3-107.~~

~~— Section 2. Section 63C-10-103 is amended to read:~~

‡ **63C-10-103. Duties.**

- (1) The board shall:
 - (a) serve as an advisory board to:
 - (i) the governor on rural economic and planning issues; and
 - (ii) the Governor's Office of Economic Development on rural economic development issues;
 - (b) prepare an annual strategic plan that:
 - (i) identifies rural economic development, planning, and leadership training challenges, opportunities, priorities, and objectives; and
 - (ii) includes a work plan for accomplishing the objectives referred to in Subsection (1)(b)(i);
 - (c) identify local, regional, and statewide rural economic development and planning priorities;
 - (d) study and take input on issues relating to local, regional, and statewide rural economic development, including challenges, opportunities, best practices, policy, planning, and collaboration;
 - (e) advocate for rural needs, programs, policies, opportunities, and other issues relating to rural economic development and planning;
 - (f) review projects in enterprise zones proposed by nonprofit corporations headquartered in enterprise zones as described in Subsection 63N-2-213.5(6); ~~[and]~~
 - (g) review applications for cash awards, grants, loans, or other financial assistance under:
 - (i) the Rural Fast Track Program described in Section ~~{63C-10-105}~~63N-3-104; and
 - (ii) the Business Expansion and Retention Initiative described in Section ~~{63C-10-106}~~63N-3-104.5; and

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~~[(g)]~~ (h) no later than October 1 of each year, submit to the governor ~~[and to]~~, the Legislature, and the Economic Development and Workforce Services Interim Committee an annual report, in accordance with Section 68-3-14, that provides:

- (i) an overview of the rural economy in the state;
- (ii) a summary of current issues and policy matters relating to rural economic development; and
- (iii) a statement of the board's initiatives, programs, and economic development priorities~~{}~~. including:

~~—— (A) the recipients of cash awards and grants made by the board under Sections 63C-10-105 and 63C-10-106;~~

~~—— (B) the value of the cash awards and grants made by the board under Sections 63C-10-105 and 63C-10-106 awarded to each recipient; and~~

~~—— (C) the impact of the cash awards and grants made by the board under Sections 63C-10-105 and 63C-10-106 on economic development in the state's rural areas.~~

~~}~~

- (2) The board may engage in activities necessary to fulfill the board's duties, including:
 - (a) propose or support rural economic development legislation; and
 - (b) create one or more subcommittees.

Section ~~{3}~~2. Section ~~{63C-10-104}~~63N-3-103 is ~~{enacted}~~amended to read:

~~{~~ ~~—— 63C-10-104. Rural Economic Development Account -- Creation -- Funding -- Uses.~~

~~—— }63N-3-103. Industrial Assistance Account created -- Uses -- Administrator duties~~

~~-- Costs.~~

(1) There is created a restricted account within the General Fund known as the "~~{Rural Economic Development Account.~~"

~~—— (2) The Rural Economic Development Account consists of:~~

~~—— (a) money appropriated to the account by the Legislature; and~~

~~—— (b) donations or grants from public or private entities.~~

~~—— (3) The Rural Economic Development Account shall earn interest, which shall be deposited into the Rural Economic Development Account.~~

~~—— (4) Subject to appropriations from the Legislature, the board may distribute money~~

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from the Rural Economic Development Account for the programs described in Sections 63C-10-105 and 63C-10-106.

— Section 4. Section ~~63C-10-105~~, which is renumbered from Section 63N-3-104 is renumbered and "Industrial Assistance Account" of which:

(a) up to 50% may be used in economically disadvantaged rural areas; and

(b) up to 25% may be used to take timely advantage of economic opportunities as they arise[; and].

[(c) up to 4% may be used to promote business and economic development in rural areas of the state with the Business Expansion and Retention Initiative.]

(2) The administrator shall administer[; (a)] the restricted account created under Subsection (1)[;] under the policy direction of the board[; and].

[(b) the Business Expansion and Retention Initiative for the rural areas of the state.]

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

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

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

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

~~63N-3-104~~. ~~{ 63C-10-105. Rural}~~ Rural Fast Track Program -- Creation --

Funding -- Qualifications for program participation -- Awards -- Reports.

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

~~(b)~~ The program is a funded component of the economically disadvantaged rural areas designation in Subsection 63N-3-103(1)(a).~~(b)~~

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

(a) consider whether the award will:

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

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

~~(3)(a)~~ (b) request and consider a recommendation from the Governor's Rural

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Partnership Board created in Section 63C-10-102 regarding an applicant seeking a grant, loan, or other financial assistance under Subsection (5)(d).

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

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

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

~~_____ (b) use the Business Expansion and Retention Initiative to further promote business and economic development in rural Utah.~~

~~_____ (3) The total value of cash awards and grants issued by the board under this section for all recipients may not exceed \$2,500,000 in any calendar year.~~

~~‡~~

(4) (a) To qualify for participation in the program a company:

(i) shall complete and file with the ~~{}~~office ~~{}~~director of the Office of Rural Development~~{}~~ an application for participation in the program, signed by an officer of the company;

(ii) shall be located and conduct its business operations in a county in the state of the third, fourth, fifth, or sixth class as described in Section 17-50-501;

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

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

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

(iv) shall have been in business in the state for at least two years; and

(v) shall have at least two employees.

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(b) (i) The ~~{}~~office ~~{}~~director of the Office of Rural Development shall verify an applicant's qualifications under Subsection (4)(a).

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

(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the ~~{}~~administrator ~~{}~~board may make rules governing:

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

(ii) who qualifies as an employee under Subsection (4)(a)~~{(iv)}~~{(v)}; and

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

(5) (a) The ~~{}~~administrator ~~{}~~board shall make incentive cash awards to small companies under this section based on the following criteria:

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

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

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

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

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

(d) ~~{(f)}~~ A small company may also apply for grants, loans, or other financial assistance under the program for capital investment to help develop its business in rural Utah and may receive:

(i) up to \$50,000 under the program if approved by the ~~{}~~administrator ~~{}~~board; or

~~{(ii) The board must approve a distribution that exceeds the \$50,000 cap under Subsection (5)(d)(i):}~~

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

~~{}~~(6) The administrator shall make ~~[a quarterly]~~ an annual report to the board of the awards made by the administrator under this section and submit a report to the office on the awards and their impact on economic development in the state's rural areas for inclusion in the

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office's annual written report described in Section 63N-1-301. ~~{}~~

Section ~~{5}~~4. Section ~~{63C-10-106}~~63N-3-104.5 is enacted to read:

~~{63C-10-106}~~63N-3-104.5. Business Expansion and Retention Initiative -- Creation -- Funding -- Qualifications for program participation -- Awards -- Reports.

(1) As used in this section:

(a) "Business ~~{Resource Centers}~~resource centers" means the same as that term is defined in Section 63N-3-303.

(b) "Rural ~~{Economic Development Entity}~~economic development entity" means a public, nonprofit, or private organization primarily engaged in economic development efforts in a rural area of the state, and may include:

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

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

(iii) ~~{Business Resource Centers}~~business resource centers; or

(iv) ~~{Small Business Development Centers}~~small business development centers, established under the United States Small Business Administration's ~~{Small Business Development Center}~~small business development center program.

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

~~{3} The purpose of the initiative is to~~(b) The program is a funded component of the economically disadvantaged rural areas designation in Subsection 63N-3-103(1)(a).

(3) In awarding a grant under this section, the administrator shall:

(a) consider whether the grant will:

(i) assist new and existing rural businesses ~~{,}~~;

(ii) influence rural job creation ~~{,}~~; and

(iii) diversify Utah's rural economies ~~{by enhancing the level of technical services provided}.~~

~~{4} The total value of grants issued by the board~~; and

(b) request and consider a recommendation from the Governor's Rural Partnership Board created in Section 63C-10-102 regarding an applicant seeking financial assistance under this section ~~{for all recipients may not exceed \$450,000 in any calendar}.~~

(4) (a) At least \$350,000 from the Industrial Assistance Account created in Subsection

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63N-3-103(1) shall be used to fund the program at the beginning of each fiscal year.

(b) The amount referred to in Subsection (4)(a) is not in addition to but is a part of the up to 50% designation for economically disadvantaged rural areas referred to in Subsection 63N-3-103(1)(a).

(c) If any of the funding referred to in Subsection (4)(a) has not been used in the program by the end of the third quarter of each fiscal year, that money may be used for any other loan, grant, or assistance program offered through the Industrial Assistance Account during the fiscal year.

(5) (a) To qualify for participation in the program a rural economic development entity:

(i) shall complete and file with the ~~{director of the Office of Rural Development}~~office an application for participation in the program;

(ii) shall be located and conduct its ~~{business}~~operations in a county in the state of the third, fourth, fifth, or sixth class as described in Section 17-50-501; and

(iii) that is located and conducts its ~~{business}~~operations in a county of the third class as described in Section 17-50-501, may not be located and conduct its ~~{business}~~operations within a city that has a:

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

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

(b) (i) The ~~{director of the Office of Rural Development}~~office shall verify an applicant's qualifications under Subsection (5)(a).

(ii) The application must be approved by the ~~{board}~~administrator in order for a rural economic development entity to receive a grant under this section.

(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the ~~{board}~~administrator may make rules governing:

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

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

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

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

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

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

~~{Section 6. Section 63N-3-103 is amended to read:~~

~~63N-3-103. Industrial Assistance Account created -- Uses -- Administrator duties -- Costs:~~

~~(1) There is created a restricted account within the General Fund known as the "Industrial Assistance Account" of which:~~

~~(a) up to 50% may be used in economically disadvantaged rural areas; and~~

~~(b) up to 25% may be used to take timely advantage of economic opportunities as they arise[; and];~~

~~[(c) up to 4% may be used to promote business and economic development in rural areas of the state with the Business Expansion and Retention Initiative.]~~

~~(2) (8) The administrator shall ~~administer[: (a)] the restricted account created under Subsection (1)[,] under the policy direction of the board[; and].~~~~

~~[(b) the Business Expansion and Retention Initiative for the rural areas of the state.]~~

~~(3) The ~~make an annual report to the board of the awards made by the~~ administrator ~~may hire appropriate support staff to perform the duties required~~ under this section.~~

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

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

Legislative Review Note

Office of Legislative Research and General Counsel and submit a report to the office on the awards and their impact on economic development in the state's rural areas for inclusion in the office's annual written report described in Section 63N-1-301.

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