

RURAL ECONOMIC DEVELOPMENT INCENTIVES

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Carl R. Albrecht

Senate Sponsor: Don L. Ipson

LONG TITLE

General Description:

This bill creates the Rural Employment Expansion Program within the Governor's Office of Economic Development.

Highlighted Provisions:

This bill:

- ▶ authorizes a rural employment expansion grant for the creation of new jobs in counties of the fourth, fifth, or sixth class;
- ▶ requires the Governor's Office of Economic Development to administer the grant;
- ▶ describes the qualifications and process to receive a rural employment expansion grant;
- ▶ defines terms; and
- ▶ provides a sunset date.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2019:

- ▶ to the Governor's Office of Economic Development -- Rural Employment Expansion Program as an ongoing appropriation:
 - from the General Fund, \$2,000,000.

Other Special Clauses:

None

Utah Code Sections Affected:



28 AMENDS:

29 **63I-1-263**, as last amended by Laws of Utah 2017, Chapters 23, 47, 95, 166, 205, 469,
30 and 470

31 **63J-1-602.4**, as last amended by Laws of Utah 2017, Chapters 253, 430, and 470

32 ENACTS:

33 **63N-4-401**, Utah Code Annotated 1953

34 **63N-4-402**, Utah Code Annotated 1953

35 **63N-4-403**, Utah Code Annotated 1953

36 **63N-4-404**, Utah Code Annotated 1953



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

39 Section 1. Section **63I-1-263** is amended to read:

40 **63I-1-263. Repeal dates, Titles 63A to 63N.**

41 (1) Subsection **63A-5-104(4)(h)** is repealed on July 1, 2024.

42 (2) Section **63A-5-603**, State Facility Energy Efficiency Fund, is repealed July 1, 2023.

43 (3) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July
44 1, 2018.

45 (4) Title 63C, Chapter 4b, Commission for the Stewardship of Public Lands, is
46 repealed November 30, 2019.

47 (5) Title 63C, Chapter 16, Prison Development Commission Act, is repealed July 1,
48 2020.

49 (6) Title 63C, Chapter 17, Point of the Mountain Development Commission Act, is
50 repealed July 1, 2021.

51 (7) Title 63C, Chapter 18, Mental Health Crisis Line Commission, is repealed July 1,
52 2018.

53 (8) Title 63G, Chapter 21, Agreements to Provide State Services, is repealed July 1,
54 2023.

55 (9) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1,
56 2020.

57 (10) Title 63H, Chapter 8, Utah Housing Corporation Act, is repealed July 1, 2026.

58 (11) On July 1, 2025:

- 59 (a) in Subsection 17-27a-404(3)(c)(ii), the language that states "the Resource
60 Development Coordinating Committee," is repealed;
- 61 (b) Subsection 23-14-21(2)(c) is amended to read "(c) provide notification of proposed
62 sites for the transplant of species to local government officials having jurisdiction over areas
63 that may be affected by a transplant.";
- 64 (c) in Subsection 23-14-21(3), the language that states "and the Resource Development
65 Coordinating Committee" is repealed;
- 66 (d) in Subsection 23-21-2.3(1), the language that states "the Resource Development
67 Coordinating Committee created in Section 63J-4-501 and" is repealed;
- 68 (e) in Subsection 23-21-2.3(2), the language that states "the Resource Development
69 Coordinating Committee and" is repealed;
- 70 (f) Subsection 63J-4-102(1) is repealed and the remaining subsections are renumbered
71 accordingly;
- 72 (g) Subsections 63J-4-401(5)(a) and (c) are repealed;
- 73 (h) Subsection 63J-4-401(5)(b) is renumbered to Subsection 63J-4-401(5)(a) and the
74 word "and" is inserted immediately after the semicolon;
- 75 (i) Subsection 63J-4-401(5)(d) is renumbered to Subsection 63J-4-401(5)(b);
- 76 (j) Sections 63J-4-501, 63J-4-502, 63J-4-503, 63J-4-504, and 63J-4-505 are repealed;
77 and
- 78 (k) Subsection 63J-4-603(1)(e)(iv) is repealed and the remaining subsections are
79 renumbered accordingly.
- 80 (12) (a) Subsection 63J-1-602.4(15) is repealed July 1, 2022.
- 81 (b) When repealing Subsection 63J-1-602.4(15), the Office of Legislative Research and
82 General Counsel shall, in addition to the office's authority under Subsection 36-12-12(3), make
83 necessary changes to subsection numbering and cross references.
- 84 (13) The Crime Victim Reparations and Assistance Board, created in Section
85 63M-7-504, is repealed July 1, 2027.
- 86 (14) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1, 2027.
- 87 (15) Title 63N, Chapter 2, Part 2, Enterprise Zone Act, is repealed July 1, 2018.
- 88 (16) (a) Title 63N, Chapter 2, Part 4, Recycling Market Development Zone Act, is
89 repealed January 1, 2021.

90 (b) Subject to Subsection (16)(c), Sections 59-7-610 and 59-10-1007 regarding tax
91 credits for certain persons in recycling market development zones, are repealed for taxable
92 years beginning on or after January 1, 2021.

93 (c) A person may not claim a tax credit under Section 59-7-610 or 59-10-1007:

94 (i) for the purchase price of machinery or equipment described in Section 59-7-610 or
95 59-10-1007, if the machinery or equipment is purchased on or after January 1, 2021; or

96 (ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), if
97 the expenditure is made on or after January 1, 2021.

98 (d) Notwithstanding Subsections (16)(b) and (c), a person may carry forward a tax
99 credit in accordance with Section 59-7-610 or 59-10-1007 if:

100 (i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-1007; and

101 (ii) (A) for the purchase price of machinery or equipment described in Section
102 59-7-610 or 59-10-1007, the machinery or equipment is purchased on or before December 31,
103 2020; or

104 (B) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), the
105 expenditure is made on or before December 31, 2020.

106 (17) Section 63N-2-512 is repealed on July 1, 2021.

107 (18) (a) Title 63N, Chapter 2, Part 6, Utah Small Business Jobs Act, is repealed
108 January 1, 2021.

109 (b) Section 59-9-107 regarding tax credits against premium taxes is repealed for
110 calendar years beginning on or after January 1, 2021.

111 (c) Notwithstanding Subsection (18)(b), an entity may carry forward a tax credit in
112 accordance with Section 59-9-107 if:

113 (i) the person is entitled to a tax credit under Section 59-9-107 on or before December
114 31, 2020; and

115 (ii) the qualified equity investment that is the basis of the tax credit is certified under
116 Section 63N-2-603 on or before December 31, 2023.

117 (19) Title 63N, Chapter 4, Part 4, Rural Employment Expansion Program, is repealed
118 July 1, 2023.

119 [~~(19)~~] (20) Title 63N, Chapter 9, Part 2, Outdoor Recreational Infrastructure Grant
120 Program, is repealed January 1, 2023.

121 [~~(20)~~] (21) Title 63N, Chapter 12, Part 3, Utah Broadband Outreach Center, is repealed
122 July 1, 2018.

123 [~~(21)~~] (22) Title 63N, Chapter 12, Part 4, Career and Technical Education Board, is
124 repealed July 1, 2018.

125 Section 2. Section **63J-1-602.4** is amended to read:

126 **63J-1-602.4. List of nonlapsing funds and accounts -- Title 61 through Title 63N.**

127 (1) Funds paid to the Division of Real Estate for the cost of a criminal background
128 check for a mortgage loan license, as provided in Section [61-2c-202](#).

129 (2) Funds paid to the Division of Real Estate for the cost of a criminal background
130 check for principal broker, associate broker, and sales agent licenses, as provided in Section
131 [61-2f-204](#).

132 (3) Certain funds donated to the Department of Human Services, as provided in
133 Section [62A-1-111](#).

134 (4) Appropriations from the National Professional Men's Basketball Team Support of
135 Women and Children Issues Restricted Account created in Section [62A-1-202](#).

136 (5) Certain funds donated to the Division of Child and Family Services, as provided in
137 Section [62A-4a-110](#).

138 (6) Appropriations from the Choose Life Adoption Support Restricted Account created
139 in Section [62A-4a-608](#).

140 (7) Appropriations to the Division of Services for People with Disabilities, as provided
141 in Section [62A-5-102](#).

142 (8) Appropriations to the Division of Fleet Operations for the purpose of upgrading
143 underground storage tanks under Section [63A-9-401](#).

144 (9) A portion of the funds appropriated to the Utah Seismic Safety Commission, as
145 provided in Section [63C-6-104](#).

146 (10) Funds appropriated or collected for publishing the Office of Administrative Rules'
147 publications, as provided in Section [63G-3-402](#).

148 (11) The Immigration Act Restricted Account created in Section [63G-12-103](#).

149 (12) Money received by the military installation development authority, as provided in
150 Section [63H-1-504](#).

151 (13) Appropriations from the Computer Aided Dispatch Restricted Account created in

152 Section [63H-7a-303](#).

153 (14) Appropriations from the Unified Statewide 911 Emergency Service Account
154 created in Section [63H-7a-304](#).

155 (15) Appropriations from the Utah Statewide Radio System Restricted Account created
156 in Section [63H-7a-403](#).

157 (16) The Employability to Careers Program Restricted Account created in Section
158 [63J-4-703](#).

159 (17) Appropriations to the Utah Science Technology and Research Initiative created in
160 Section [63M-2-301](#).

161 (18) Appropriations to fund the Governor's Office of Economic Development's
162 Enterprise Zone Act, as provided in Title 63N, Chapter 2, Part 2, Enterprise Zone Act.

163 (19) Funds collected for directing and administering the C-PACE district created in
164 Section [11-42a-302](#).

165 (20) Appropriations to fund the Governor's Office of Economic Development's Rural
166 Employment Expansion Program, as described in Title 63N, Chapter 4, Part 4, Rural
167 Employment Expansion Program.

168 [~~20~~] (21) The Motion Picture Incentive Account created in Section [63N-8-103](#).

169 [~~21~~] (22) Certain money payable for commission expenses of the Pete Suazo Utah
170 Athletic Commission, as provided under Section [63N-10-301](#).

171 Section 3. Section **63N-4-401** is enacted to read:

Part 4. Rural Employment Expansion Program

63N-4-401. Title.

This part is known as the "Rural Employment Expansion Program."

Section 4. Section **63N-4-402** is enacted to read:

63N-4-402. Definitions.

As used in this part:

178 (1) (a) "Business entity" means a sole proprietorship, partnership, association, joint
179 venture, corporation, firm, trust, foundation, or other organization or entity used in carrying on
180 a business.

(b) "Business entity" does not include a business primarily engaged in the following:

(i) construction;

183 (ii) staffing;

184 (iii) retail trade; or

185 (iv) public utility activities.

186 (2) "Immediate family member" means a spouse, child, parent, sibling, grandparent, or
187 grandchild.

188 (3) "New full-time employee position" means a position that has been newly created in
189 addition to the highest baseline count of employment positions that existed within a business
190 entity during the previous taxable year and is filled by an employee working at least 30 hours
191 per week:

192 (a) in a county of the fourth, fifth, or sixth class;

193 (b) for a period of at least 12 consecutive months;

194 (c) in a position that does not primarily involve:

195 (i) construction;

196 (ii) retail trade; or

197 (iii) public utility activities;

198 (d) where the annual gross wage of the position, not including healthcare or other paid
199 or unpaid benefits, is at least 125% of the average wage of the county in which the position
200 exists; and

201 (e) who is not an immediate family member of an owner or officer of the business
202 entity.

203 (4) (a) "Owner or officer" means an individual who owns an ownership interest in an
204 entity or holds a position where the person has authority to manage, direct, control, or make
205 decisions for:

206 (i) the entity or a portion of the entity; or

207 (ii) an employee, agent, or independent contractor of the entity.

208 (b) "Owner or officer" includes:

209 (i) a member of a board of directors or other governing body of an entity; or

210 (ii) a partner in any type of partnership.

211 (5) "Rural employment expansion grant" means a grant available under this part.

212 Section 5. Section **63N-4-403** is enacted to read:

213 **63N-4-403. Duties of the office.**

214 (1) The office shall:

215 (a) review a business entity's application for a rural employment expansion grant under
216 this part in the order in which the application is received by the office;

217 (b) ensure that a rural employment expansion grant is only awarded to a business entity
218 that meets the requirements of this part; and

219 (c) as part of the annual written report described in Section [63N-1-301](#), prepare an
220 annual evaluation that provides:

221 (i) the identity of each business entity that was provided a rural employment expansion
222 grant by the office during the year of the annual report;

223 (ii) the total amount awarded in rural employment expansion grants for each county;

224 and

225 (iii) an evaluation of the effectiveness of the rural employment expansion grant in
226 bringing significant new employment to rural communities.

227 (2) The office may:

228 (a) authorize a rural employment expansion grant for a business entity under this part;

229 (b) audit a business entity to ensure:

230 (i) eligibility for a rural employment expansion grant; and

231 (ii) compliance with this part; and

232 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and
233 in accordance with the provisions of this part, make rules regarding the:

234 (i) form and content of an application for a rural employment expansion grant;

235 (ii) documentation or other requirements for a business entity to receive a rural
236 employment expansion grant; and

237 (iii) administration of rural employment expansion grants, including an appeal process
238 and relevant timelines and deadlines.

239 Section 6. Section **63N-4-404** is enacted to read:

240 **63N-4-404. Rural corporate income tax credit application process.**

241 (1) For a fiscal year beginning on or after July 1, 2018, a business entity seeking to
242 receive a rural employment expansion grant as provided in this part shall provide the office
243 with an application for a rural employment expansion grant in a form approved by the office
244 that includes:

- 245 (a) a certification, by an officer of the business entity, of each signature on the
246 application;
- 247 (b) a document that specifies the projected number and anticipated wage level of the
248 new full-time employee positions that the business entity plans to create as the basis for
249 qualifying for a rural employment expansion grant; and
- 250 (c) any additional information required by the office.
- 251 (2) (a) If, after review of an application provided by a business entity as described in
252 Subsection (1), the office determines that the application is inadequate to provide a reasonable
253 justification for authorizing the rural employment expansion grant, the office shall:
- 254 (i) deny the application; or
- 255 (ii) inform the business entity that the application is inadequate and ask the business
256 entity to submit additional documentation.
- 257 (b) (i) If the office denies an application, the business entity may appeal the denial to
258 the office.
- 259 (ii) The office shall review any appeal within 10 business days and make a final
260 determination of the business entity's eligibility for a grant under this part.
- 261 (3) If, after review of an application provided by a business entity as described in
262 Subsection (1), the office determines that the application provides reasonable justification for
263 authorizing a rural employment expansion grant and if there are available funds for the grant,
264 the office shall enter into a written agreement with the business entity that:
- 265 (a) indicates the maximum rural employment expansion grant amount the business
266 entity is authorized to receive;
- 267 (b) includes a document signed by an officer of the business entity that expressly
268 directs and authorizes the State Tax Commission to disclose to the office the business entity's
269 tax returns and other information that would otherwise be subject to confidentiality under
270 Section [59-1-403](#) or Section 6103, Internal Revenue Code;
- 271 (c) describes the documentation required to demonstrate that the business entity has
272 created the new full-time employee positions described in the application provided under
273 Subsection (1); and
- 274 (d) specifies the deadlines to provide the documentation described in Subsection (3)(c).
- 275 (4) (a) Subject to available funds, the office may award a rural employment expansion

276 grant to a business entity as follows:

277 (i) \$4,000 for each new full-time employee position in a county where the average
278 county wage is equal to or greater than the state average wage;

279 (ii) \$5,000 for each new full-time employee position in a county where the average
280 county wage is between 85% and 99% of the state average wage; and

281 (iii) \$6,000 for each new full-time employee position in a county where the average
282 county wage is less than 85% of the state average wage.

283 (b) A business entity may qualify for no more than \$25,000 in rural employment
284 expansion grants in any fiscal year.

285 (5) (a) Subject to available funds, the office shall award a business entity a grant in the
286 amount allowed under this part if the business entity provides documentation to the office:

287 (i) in a form prescribed by the office under Subsection (3)(c);

288 (ii) before the deadline described in Subsection (3)(d); and

289 (iii) that demonstrates that the business applicant has created new full-time employee
290 positions.

291 (b) If a business entity does not provide the documentation described in Subsection
292 (3)(c) before the deadline described in Subsection (3)(d), the business entity is ineligible to
293 receive a rural employment expansion grant unless the business entity submits a new
294 application to be reviewed by the office in accordance with Subsection 63N-2-903(1)(a).

295 **Section 7. Appropriation.**

296 The following sums of money are appropriated for the fiscal year beginning July 1,
297 2018, and ending June 30, 2019. These are additions to amounts previously appropriated for
298 fiscal year 2019. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
299 Act, the Legislature appropriates the following sums of money from the funds or accounts
300 indicated for the use and support of the government of the state of Utah.

301 To Governor's Office of Economic Development -- Rural Employment Expansion
302 Program

303 From General Fund \$2,000,000

304 Schedule of Programs:

305 Rural Employment Expansion Program \$2,000,000

306 Under Section 63J-1-602, the Legislature intends that appropriations provided under

307 this section not lapse at the close of fiscal year 2019.

Legislative Review Note
Office of Legislative Research and General Counsel