

HB0390S01 compared with HB0390

~~deleted text~~ shows text that was in HB0390 but was deleted in HB0390S01.

Inserted text shows text that was not in HB0390 but was inserted into HB0390S01.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Senator Don L. Ipson proposes the following substitute bill:

RURAL ECONOMIC DEVELOPMENT INCENTIVES

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Carl R. Albrecht

Senate Sponsor: ~~_____~~ Don L. Ipson

Cosponsor: V. Lowry Snow

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;

HB0390S01 compared with HB0390

- ▶ 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)~~ \$728,000.

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

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

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

ENACTS:

63N-4-401, Utah Code Annotated 1953

63N-4-402, Utah Code Annotated 1953

63N-4-403, Utah Code Annotated 1953

63N-4-404, Utah Code Annotated 1953

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

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

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

- (1) Subsection 63A-5-104(4)(h) is repealed on July 1, 2024.
- (2) Section 63A-5-603, State Facility Energy Efficiency Fund, is repealed July 1, 2023.
- (3) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July 1, 2018.
- (4) Title 63C, Chapter 4b, Commission for the Stewardship of Public Lands, is repealed November 30, 2019.
- (5) Title 63C, Chapter 16, Prison Development Commission Act, is repealed July 1, 2020.

HB0390S01 compared with HB0390

(6) Title 63C, Chapter 17, Point of the Mountain Development Commission Act, is repealed July 1, 2021.

(7) Title 63C, Chapter 18, Mental Health Crisis Line Commission, is repealed July 1, 2018.

(8) Title 63G, Chapter 21, Agreements to Provide State Services, is repealed July 1, 2023.

(9) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1, 2020.

(10) Title 63H, Chapter 8, Utah Housing Corporation Act, is repealed July 1, 2026.

(11) On July 1, 2025:

(a) in Subsection 17-27a-404(3)(c)(ii), the language that states "the Resource Development Coordinating Committee," is repealed;

(b) Subsection 23-14-21(2)(c) is amended to read "(c) provide notification of proposed sites for the transplant of species to local government officials having jurisdiction over areas that may be affected by a transplant.";

(c) in Subsection 23-14-21(3), the language that states "and the Resource Development Coordinating Committee" is repealed;

(d) in Subsection 23-21-2.3(1), the language that states "the Resource Development Coordinating Committee created in Section 63J-4-501 and" is repealed;

(e) in Subsection 23-21-2.3(2), the language that states "the Resource Development Coordinating Committee and" is repealed;

(f) Subsection 63J-4-102(1) is repealed and the remaining subsections are renumbered accordingly;

(g) Subsections 63J-4-401(5)(a) and (c) are repealed;

(h) Subsection 63J-4-401(5)(b) is renumbered to Subsection 63J-4-401(5)(a) and the word "and" is inserted immediately after the semicolon;

(i) Subsection 63J-4-401(5)(d) is renumbered to Subsection 63J-4-401(5)(b);

(j) Sections 63J-4-501, 63J-4-502, 63J-4-503, 63J-4-504, and 63J-4-505 are repealed;
and

(k) Subsection 63J-4-603(1)(e)(iv) is repealed and the remaining subsections are renumbered accordingly.

HB0390S01 compared with HB0390

(12) (a) Subsection 63J-1-602.4(15) is repealed July 1, 2022.

(b) When repealing Subsection 63J-1-602.4(15), the Office of Legislative Research and General Counsel shall, in addition to the office's authority under Subsection 36-12-12(3), make necessary changes to subsection numbering and cross references.

(13) The Crime Victim Reparations and Assistance Board, created in Section 63M-7-504, is repealed July 1, 2027.

(14) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1, 2027.

(15) Title 63N, Chapter 2, Part 2, Enterprise Zone Act, is repealed July 1, 2018.

(16) (a) Title 63N, Chapter 2, Part 4, Recycling Market Development Zone Act, is repealed January 1, 2021.

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

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

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

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

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

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

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

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

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

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

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

HB0390S01 compared with HB0390

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HB0390S01 compared with HB0390

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

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

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

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

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

(13) Appropriations from the Computer Aided Dispatch Restricted Account created in Section 63H-7a-303.

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

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

(16) The Employability to Careers Program Restricted Account created in Section 63J-4-703.

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

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

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

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

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

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

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

Part 4. Rural Employment Expansion Program

HB0390S01 compared with HB0390

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:

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

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

(i) construction;

(ii) staffing;

(iii) retail trade; or

(iv) public utility activities.

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

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

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

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

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

(i) construction;

(ii) retail trade; or

(iii) public utility activities;

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

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

(4) (a) "Owner or officer" means an individual who owns an ownership interest in an

HB0390S01 compared with HB0390

entity or holds a position where the person has authority to manage, direct, control, or make decisions for:

- (i) the entity or a portion of the entity; or
- (ii) an employee, agent, or independent contractor of the entity.
- (b) "Owner or officer" includes:
 - (i) a member of a board of directors or other governing body of an entity; or
 - (ii) a partner in any type of partnership.
- (5) "Rural employment expansion grant" means a grant available under this part.

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

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

(1) The office shall:

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

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

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

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

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

and

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

(2) The office may:

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

(b) audit a business entity to ensure:

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

(ii) compliance with this part; and

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

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

HB0390S01 compared with HB0390

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

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

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

63N-4-404. Rural ~~{corporate income tax credit}~~employment expansion grant application process.

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

(a) a certification, by an officer of the business entity, of each signature on the application;

(b) a document that specifies the projected number and anticipated wage level of the new full-time employee positions that the business entity plans to create as the basis for qualifying for a rural employment expansion grant; and

(c) any additional information required by the office.

(2) (a) If, after review of an application provided by a business entity as described in Subsection (1), the office determines that the application is inadequate to provide a reasonable justification for authorizing the rural employment expansion grant, the office shall:

(i) deny the application; or

(ii) inform the business entity that the application is inadequate and ask the business entity to submit additional documentation.

(b) (i) If the office denies an application, the business entity may appeal the denial to the office.

(ii) The office shall review any appeal within 10 business days and make a final determination of the business entity's eligibility for a grant under this part.

(3) If, after review of an application provided by a business entity as described in Subsection (1), the office determines that the application provides reasonable justification for authorizing a rural employment expansion grant and if there are available funds for the grant, the office shall enter into a written agreement with the business entity that:

HB0390S01 compared with HB0390

(a) indicates the maximum rural employment expansion grant amount the business entity is authorized to receive;

(b) includes a document signed by an officer of the business entity that expressly directs and authorizes the State Tax Commission to disclose to the office the business entity's tax returns and other information that would otherwise be subject to confidentiality under Section 59-1-403 or Section 6103, Internal Revenue Code;

(c) describes the documentation required to demonstrate that the business entity has created the new full-time employee positions described in the application provided under Subsection (1); and

(d) specifies the deadlines to provide the documentation described in Subsection (3)(c).

(4) (a) Subject to available funds, the office may award a rural employment expansion grant to a business entity as follows:

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

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

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

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

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

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

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

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

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

Section 7. Appropriation.

HB0390S01 compared with HB0390

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

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

From General Fund ~~+\$2,000~~ \$728,000

Schedule of Programs:

Rural Employment Expansion Program ~~+\$2,000~~ \$728,000

Under Section 63J-1-602, the Legislature intends that appropriations provided under this section not lapse at the close of fiscal year 2019.

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Legislative Review Note

Office of Legislative Research and General Counsel†