

Representative Brad R. Wilson proposes the following substitute bill:

TECHNOLOGY SUMMIT INCENTIVES

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jacob L. Anderegg

House Sponsor: Brad R. Wilson

LONG TITLE

General Description:

This bill modifies provisions related to the Industrial Assistance Account.

Highlighted Provisions:

This bill:

- ▶ modifies the allowable distribution of money from the Industrial Assistance Account;
- ▶ requires the Governor's Office of Economic Development to annually report on the grants provided through the Industrial Assistance Account;
- ▶ allows some nonprofit organizations engaged in publicizing, developing, and promoting the high tech sector to qualify for a grant from the Industrial Assistance Account;
- ▶ provides a sunset date; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2019:

- ▶ to the Economic Development – Industrial Assistance Account as an ongoing appropriation:
 - from the General Fund, \$250,000.



26 **Other Special Clauses:**

27 None

28 **Utah Code Sections Affected:**

29 AMENDS:

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

32 **63N-3-102**, as last amended by Laws of Utah 2016, Chapter 34

33 **63N-3-103**, as renumbered and amended by Laws of Utah 2015, Chapter 283

34 **63N-3-109**, as renumbered and amended by Laws of Utah 2015, Chapter 283



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

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

38 **63I-1-263. Repeal dates, Titles 63A to 63N.**

39 (1) Subsection **63A-5-104**(4)(h) is repealed on July 1, 2024.

40 (2) Section **63A-5-603**, State Facility Energy Efficiency Fund, is repealed July 1, 2023.

41 (3) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July
42 1, 2018.

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44 repealed November 30, 2019.

45 (5) Title 63C, Chapter 16, Prison Development Commission Act, is repealed July 1,
46 2020.

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48 repealed July 1, 2021.

49 (7) Title 63C, Chapter 18, Mental Health Crisis Line Commission, is repealed July 1,
50 2018.

51 (8) Title 63G, Chapter 21, Agreements to Provide State Services, is repealed July 1,
52 2023.

53 (9) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1,
54 2020.

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

56 (11) On July 1, 2025:

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

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

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

92 (i) for the purchase price of machinery or equipment described in Section 59-7-610 or
93 59-10-1007, if the machinery or equipment is purchased on or after January 1, 2021; or

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

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

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

99 (ii) (A) for the purchase price of machinery or equipment described in Section
100 59-7-610 or 59-10-1007, the machinery or equipment is purchased on or before December 31,
101 2020; or

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

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

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

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

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

111 (i) the person is entitled to a tax credit under Section 59-9-107 on or before December
112 31, 2020; and

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

115 (19) Subsections 63N-3-109(2)(f) and 63N-3-109(2)(g)(i)(C) are repealed July 1, 2023.

116 [(19)] (20) Title 63N, Chapter 9, Part 2, Outdoor Recreational Infrastructure Grant
117 Program, is repealed January 1, 2023.

118 [(20)] (21) Title 63N, Chapter 12, Part 3, Utah Broadband Outreach Center, is repealed

119 July 1, 2018.

120 [~~(21)~~] (22) Title 63N, Chapter 12, Part 4, Career and Technical Education Board, is
121 repealed July 1, 2018.

122 Section 2. Section **63N-3-102** is amended to read:

123 **63N-3-102. Definitions.**

124 As used in this part:

125 (1) "Administrator" means the executive director or the executive director's designee.

126 (2) "Best available control technology" means a pollution control method that is
127 approved by the United States Environmental Protection Agency or the Department of
128 Environmental Quality to control a certain pollutant type to a specified degree.

129 (3) "Company creating an economic impediment" means a company that discourages
130 economic development within a reasonable radius of its location because of:

131 (a) odors;

132 (b) noise;

133 (c) pollution;

134 (d) health hazards; or

135 (e) other activities similar to those described in Subsections (3)(a) through (d).

136 (4) "Economic opportunities" means unique business situations or community
137 circumstances, including the development of recreation infrastructure and the promotion of the
138 high tech sector in the state, which lend themselves to the furtherance of the economic interests
139 of the state by providing a catalyst or stimulus to the growth or retention, or both, of commerce
140 and industry in the state, including retention of companies whose relocation outside the state
141 would have a significant detrimental economic impact on the state as a whole, regions of the
142 state, or specific components of the state as determined by the board.

143 (5) "Economically disadvantaged rural area" means a geographic area designated by the
144 board under Section **63N-3-111**.

145 (6) "Nonattainment area" means a part of the state where air quality is determined to
146 exceed the National Ambient Air Quality Standards, as defined in the Clean Air Act
147 Amendments of 1970, Pub. L. No. 91-604, Sec. 109, for fine particulate matter (PM 2.5).

148 (7) "Replacement company" means a company locating its business or part of its
149 business in a location vacated by a company creating an economic impediment.

150 (8) "Restricted Account" means the restricted account known as the Industrial
151 Assistance Account created in Section [63N-3-103](#).

152 (9) "Targeted industry" means an industry or group of industries targeted by the board
153 under Section [63N-3-111](#), for economic development in the state.

154 Section 3. Section **63N-3-103** is amended to read:

155 **63N-3-103. Industrial Assistance Account created -- Uses -- Administrator duties**
156 **-- Costs.**

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

159 (a) up to 50% of the unencumbered money in the account may be used in economically
160 disadvantaged rural areas;

161 (b) up to [~~25%~~] the greater of \$250,000 or 25% of the unencumbered money in the
162 account may be used to take timely advantage of economic opportunities as they arise; and

163 (c) up to 4% of the unencumbered money in the account may be used to promote
164 business and economic development in rural areas of the state with the Business Expansion and
165 Retention Initiative.

166 (2) The administrator shall administer:

167 (a) the restricted account created under Subsection (1), under the policy direction of the
168 board; and

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

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

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

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

176 (6) The office shall review the activities and progress of grant recipients under this
177 chapter on a regular basis and, as part of the office's annual written report described in Section
178 [63N-1-301](#), report on the economic impact of activities funded by the grants.

179 Section 4. Section **63N-3-109** is amended to read:

180 **63N-3-109. Financial assistance to entities offering economic opportunities.**

181 (1) Subject to the duties and powers of the board under Section 63N-1-402, the
182 administrator may provide money from the Industrial Assistance Account to an entity offering
183 an economic opportunity if that entity:

184 (a) applies to the administrator; and

185 (b) meets the qualifications of Subsection (2).

186 (2) The applicant shall:

187 (a) demonstrate to the satisfaction of the administrator the nature of the economic
188 opportunity and the related benefit to the economic well-being of the state by providing
189 evidence documenting the logical and compelling linkage, either direct or indirect, between the
190 expenditure of money necessitated by the economic opportunity and the likelihood that the
191 state's tax base, regions of the state's tax base, or specific components of the state's tax base
192 will not be reduced but will be maintained or enlarged;

193 (b) demonstrate how the funding request will act in concert with other state, federal, or
194 local agencies to achieve the economic benefit;

195 (c) demonstrate how the funding request will act in concert with free market principles;

196 (d) in the case of an economic opportunity that includes the retention of jobs,
197 demonstrate how the potential relocation of jobs outside the state is related to a merger,
198 acquisition, consolidation, or similar business reason other than the applicant simply requesting
199 state assistance to remain in the state;

200 (e) satisfy other criteria the administrator considers appropriate; ~~and~~

201 (f) if the applicant meets the requirements of Subsection (2)(g)(i)(C):

202 (i) demonstrate that the funding request will be used primarily to reimburse the
203 applicant for expenses related to a program of out-of-state advertising, marketing, and branding
204 for an annual conference for the high tech sector with at least 10,000 attendees; and

205 (ii) subject to Subsection (3)(c), demonstrate that the annual conference described in
206 Subsection (2)(f)(i) met post-performance requirements designated by the administrator
207 regarding:

208 (A) economic impact on the state;

209 (B) new tax revenue to the state; and

210 (C) attendance of out-of-state business prospects; and

211 ~~(f)~~ (g) be either:

212 (i) an entity whose purpose is to exclusively or substantially promote, develop, or
213 maintain the economic welfare and prosperity of the state as a whole, regions of the state, or
214 specific components of the state, including:

215 (A) an entity that is a sports development organization under contract with the state for
216 sports development and sporting event attraction and related activities that provide an
217 economic impact or promotional value to the state; ~~or~~

218 (B) an entity that implements technology innovation in public schools, including
219 whole-school one-to-one mobile device technology deployment for the purpose of incubating
220 technology solutions related to economic and workforce development~~[-]; or~~

221 (C) an entity that is a nonprofit organization engaged in publicizing, developing, and
222 promoting the high tech sector in the state through activities that include organizing and
223 hosting an annual conference for the high tech sector with at least 10,000 attendees; or

224 (ii) a company or individual that meets the requirements of Subsections (2)(a) through
225 (f) but does not otherwise qualify under Section 63N-3-105.

226 (3) Subject to the duties and powers of the board under Section 63N-1-402, the
227 administrator shall:

228 (a) make findings as to whether an applicant has satisfied each of the conditions set
229 forth in Subsection (2);

230 (b) establish benchmarks and timeframes in which progress toward the completion of
231 the agreed upon activity is to occur;

232 (c) (i) if an applicant that meets the requirements of Subsection (2)(g)(i)(C) has not
233 received funding under this section in a previous year:

234 (A) require that the annual conference described in Subsection (2)(f)(i) be attended by
235 at least 100 out-of-state business prospects; and

236 (B) establish additional requirements as described in Subsection (2)(f)(ii); and

237 (ii) if an applicant that meets the requirements of Subsection (2)(g)(i)(C) received
238 funding under this section in a previous year, require that the annual conference described in
239 Subsection (2)(f)(i):

240 (A) have an economic impact on the state of at least 125% of the economic impact of
241 the annual conference in the previous year;

242 (B) generate new tax revenue to the state that is at least 125% of the new tax revenue

243 generated by the the annual conference in the previous year; and

244 (C) have attendance by out-of-state business prospects that is at least 125% of the
245 attendance by out-of-state business prospects at the annual conference in the previous year;

246 ~~[(c)]~~ (d) monitor compliance by an applicant with any contract or agreement entered
247 into by the applicant and the state as provided by Section 63N-3-107; and

248 ~~[(d)]~~ (e) make funding decisions based upon appropriate findings and compliance.

249 **Section 5. Appropriation.**

250 The following sums of money are appropriated for the fiscal year beginning July 1,
251 2018, and ending June 30, 2019. These are additions to amounts previously appropriated for
252 fiscal year 2019. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
253 Act, the Legislature appropriates the following sums of money from the funds or accounts
254 indicated for the use and support of the government of the state of Utah.

255 To Economic Development -- Industrial Assistance Account

256 From General Fund \$250,000

257 Schedule of Programs:

258 Industrial Assistance Account \$250,000

259 The Legislature intends that the appropriation to the Industrial Assistance Account be
260 used by the Governor's Office of Economic Development to provide money to an entity
261 offering an economic opportunity under Subsection 63N-3-109(2)(g)(i)(C).