

RURAL ECONOMIC DEVELOPMENT INCENTIVES

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Carl R. Albrecht

Senate Sponsor: Ralph Okerlund

LONG TITLE

General Description:

This bill modifies provisions related to the rural employment expansion grant program.

Highlighted Provisions:

This bill:

- ▶ modifies the maximum grant amount that the Governor's Office of Economic Development may award to a business entity in a fiscal year as part of the rural employment expansion grant program.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63N-4-402, as enacted by Laws of Utah 2018, Chapter 340

63N-4-404, as enacted by Laws of Utah 2018, Chapter 340

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

Section 1. Section **63N-4-402** is amended 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

30 a business.

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

32 (i) construction;

33 (ii) staffing;

34 (iii) retail trade; or

35 (iv) public utility activities.

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

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

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

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

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

45 (i) construction;

46 (ii) retail trade; or

47 (iii) public utility activities;

48 (d) where the annual gross wage of the position at the end of the 12 consecutive
49 months described in Subsection (3)(b), not including healthcare or other paid or unpaid
50 benefits, is at least 125% of the average wage of the county in which the position exists; and

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

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

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

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

- 58 (b) "Owner or officer" includes:
- 59 (i) a member of a board of directors or other governing body of an entity; or
- 60 (ii) a partner in any type of partnership.
- 61 (5) "Rural employment expansion grant" means a grant available under this part.

62 Section 2. Section **63N-4-404** is amended to read:

63 **63N-4-404. Rural employment expansion grant application process.**

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

- 68 (a) a certification, by an officer of the business entity, of each signature on the
69 application;
- 70 (b) a document that specifies the projected number and anticipated wage level of the
71 new full-time employee positions that the business entity plans to create as the basis for
72 qualifying for a rural employment expansion grant; and
- 73 (c) any additional information required by the office.

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

- 77 (i) deny the application; or
- 78 (ii) inform the business entity that the application is inadequate and ask the business
79 entity to submit additional documentation.

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

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

84 (3) If, after review of an application provided by a business entity as described in
85 Subsection (1), the office determines that the application provides reasonable justification for

86 authorizing a rural employment expansion grant and if there are available funds for the grant,
87 the office shall enter into a written agreement with the business entity that:

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

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

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

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

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

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

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

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

106 (b) A business entity may qualify for no more than [~~\$25,000~~] \$250,000 in rural
107 employment expansion grants in any fiscal year.

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

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

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

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

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

118 (6) Nothing in this part prevents a business entity that has received a rural employment
119 expansion grant from concurrently applying for or receiving another grant or incentive
120 administered by the office.