

## SB0095S01 compared with SB0095

~~text~~ shows text that was in SB0095 but was deleted in SB0095S01.

text shows text that was not in SB0095 but was inserted into SB0095S01.

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Senator Scott D. Sandall proposes the following substitute bill:

### ECONOMIC DEVELOPMENT AMENDMENTS

2020 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Scott D. Sandall**

House Sponsor: \_\_\_\_\_

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#### LONG TITLE

##### General Description:

This bill modifies provisions related to economic development.

##### Highlighted Provisions:

This bill:

- ▶ defines terms, including "rural county";
- ▶ creates the Rural County Grant Program (grant program);
- ▶ describes the requirements for a rural county to apply for a grant under the grant program;
- ▶ requires each rural county that seeks to participate in the grant program to create a County Economic Development Advisory Board (CED board) and describes the membership and duties of a CED board;
- ▶ describes the requirements of the Governor's Rural Partnership Board and the Office

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of Rural Development in administering the grant program;

~~{~~ → repeals provisions of the ~~Utah Science Technology and Research Governing Authority Act~~;

‡ ▶ moves the provisions of the Recycling Market Development Zone Act from the Governor's Office of Economic Development ~~{(GOED)}~~ to the ~~{Office of Energy Development}~~;

‡ Department of Environmental Quality;

▶ repeals provisions of the Utah Science Technology and Research Governing Authority Act;

▶ modifies provisions related to certain GOED administered economic development programs;

▶ repeals provisions related to certain GOED administered economic development programs, which has the effect of ending those programs; and

▶ makes technical changes.

### Money Appropriated in this Bill:

This bill appropriates in fiscal year 2021:

▶ to the General Fund Restricted -- Workforce Development Restricted Account, as an ongoing appropriation:

- from the General Fund, (\$14,636,900);

▶ to the Governor's Office of Economic Development -- Rural County Grant Program, as an ongoing appropriation:

- from the General Fund, \$10,000,000.

### Other Special Clauses:

This bill provides retrospective operation.

This bill provides a special effective date.

### Utah Code Sections Affected:

AMENDS:

**53B-17-1101**, as enacted by Laws of Utah 2018, Chapter 453

**53B-18-1601**, as enacted by Laws of Utah 2018, Chapter 453

**59-7-610**, as last amended by Laws of Utah 2019, Chapter 247

**59-10-1007**, as last amended by Laws of Utah 2019, Chapter 247

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**63A-3-110**, as last amended by Laws of Utah 2019, Chapter 211

**63A-5-305**, as last amended by Laws of Utah 2016, Chapter 240

**63C-10-103**, as last amended by Laws of Utah 2018, Chapter 204

**63I-1-263**, as last amended by Laws of Utah 2019, Chapters 89, 246, 311, 414, 468, 469, 482 and last amended by Coordination Clause, Laws of Utah 2019, Chapter 246

**63J-1-602.2**, as last amended by Laws of Utah 2019, Chapters 136, 326, 468, and 469

**63N-1-501**, as renumbered and amended by Laws of Utah 2015, Chapter 283

**63N-2-203**, as last amended by Laws of Utah 2017, Chapter 252

**63N-2-204**, as last amended by Laws of Utah 2016, Chapter 11

**63N-2-208**, as renumbered and amended by Laws of Utah 2015, Chapter 283

**63N-2-213**, as last amended by Laws of Utah 2019, Chapter 247

**63N-4-104**, as renumbered and amended by Laws of Utah 2015, Chapter 283

**67-19-15**, as last amended by Laws of Utah 2018, Chapters 39 and 415

### ENACTS:

**17-54-101**, Utah Code Annotated 1953

**17-54-102**, Utah Code Annotated 1953

**17-54-103**, Utah Code Annotated 1953

**17-54-104**, Utah Code Annotated 1953

### RENUMBERS AND AMENDS:

~~{63M-4-801}~~**19-13-101**, (Renumbered from 63N-2-401, as renumbered and amended by Laws of Utah 2015, Chapter 283)

~~{63M-4-802}~~**19-13-102**, (Renumbered from 63N-2-402, as last amended by Laws of Utah 2015, Chapter 30 and renumbered and amended by Laws of Utah 2015, Chapter 283)

~~{63M-4-803}~~**19-13-103**, (Renumbered from 63N-2-403, as renumbered and amended by Laws of Utah 2015, Chapter 283)

~~{63M-4-804}~~**19-13-104**, (Renumbered from 63N-2-404, as renumbered and amended by Laws of Utah 2015, Chapter 283)

~~{63M-4-805}~~**19-13-105**, (Renumbered from 63N-2-405, as renumbered and amended by Laws of Utah 2015, Chapter 283)

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~~{63M-4-806}~~19-13-106, (Renumbered from 63N-2-406, as renumbered and amended by Laws of Utah 2015, Chapter 283)

~~{63M-4-807}~~19-13-107, (Renumbered from 63N-2-407, as renumbered and amended by Laws of Utah 2015, Chapter 283)

~~{63M-4-808}~~19-13-108, (Renumbered from 63N-2-408, as renumbered and amended by Laws of Utah 2015, Chapter 283)

~~{63M-4-809}~~19-13-109, (Renumbered from 63N-2-409, as renumbered and amended by Laws of Utah 2015, Chapter 283)

~~{63M-4-810}~~19-13-110, (Renumbered from 63N-2-410, as renumbered and amended by Laws of Utah 2015, Chapter 283)

~~{63M-4-811}~~19-13-111, (Renumbered from 63N-2-411, as renumbered and amended by Laws of Utah 2015, Chapter 283)

### REPEALS:

13-1-14, as last amended by Laws of Utah 2019, Chapter 352

59-7-614.11, as enacted by Laws of Utah 2017, Chapter 252

59-10-1039, as enacted by Laws of Utah 2017, Chapter 252

63M-2-101, as last amended by Laws of Utah 2015, Chapter 283

63M-2-102, as last amended by Laws of Utah 2019, Chapter 352

63M-2-301, as last amended by Laws of Utah 2019, Chapters 246 and 352

63M-2-302, as last amended by Laws of Utah 2019, Chapter 352

63M-2-302.5, as last amended by Laws of Utah 2019, Chapter 352

63M-2-304, as last amended by Laws of Utah 2019, Chapter 352

63M-2-501, as enacted by Laws of Utah 2016, Chapter 240

63M-2-502, as last amended by Laws of Utah 2019, Chapter 352

63M-2-503, as last amended by Laws of Utah 2019, Chapter 352

63M-2-504, as last amended by Laws of Utah 2019, Chapter 352

63M-2-601, as enacted by Laws of Utah 2016, Chapter 240

63M-2-602, as last amended by Laws of Utah 2018, Chapter 453

63M-2-701, as enacted by Laws of Utah 2016, Chapter 240

63M-2-703, as last amended by Laws of Utah 2019, Chapter 352

63M-2-801, as enacted by Laws of Utah 2016, Chapter 240

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63M-2-802, as last amended by Laws of Utah 2019, Chapter 352

63M-2-803, as last amended by Laws of Utah 2019, Chapter 352

63N-2-213.5, as enacted by Laws of Utah 2017, Chapter 252

63N-3-104, as last amended by Laws of Utah 2019, Chapter 499

63N-3-104.5, as last amended by Laws of Utah 2019, Chapter 499

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

Section 1. Section **17-54-101** is enacted to read:

### **CHAPTER 54. RURAL COUNTY GRANT PROGRAM**

#### **17-54-101. Title.**

This chapter is known as the "Rural County Grant Program."

Section 2. Section **17-54-102** is enacted to read:

#### **17-54-102. Definitions.**

(1) "CED board" means a County Economic Development Advisory Board as described in Section 17-54-104.

(2) "Grant" means a grant available under the Rural County Grant Program created in Section 17-54-103.

(3) "Grant program" means the Rural County Grant Program created in Section 17-54-103.

(4) "Office of Rural Development" means the Office of Rural Development created within the Governor's Office of Economic Development in Section 63N-4-102.

(5) "Rural county" means a county of the third, fourth, fifth, or sixth class.

(6) "Rural partnership board" means the Governor's Rural Partnership Board created in Section 63C-10-102.

Section 3. Section **17-54-103** is enacted to read:

#### **17-54-103. Rural County Grant Program.**

(1) There is created the Rural County Grant Program.

(2) The grant program shall be administered by the rural partnership board with the cooperation of the Office of Rural Development.

(3) (a) In administering the grant program, the rural partnership board shall ~~award~~ recommend the awarding of grants to rural counties to address the economic

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development needs of rural counties, in accordance with the provisions of this chapter, which needs may include:

(~~f~~a)i) business recruitment, development, and expansion;

(~~f~~b)ii) workforce training and development; and

(~~f~~c)iii) infrastructure and capital facilities improvements for business development.

(b) After reviewing the recommendations of the rural partnership board, the executive director of the Governor's Office of Economic Development shall award grants to rural counties in accordance with the provisions of this chapter.

(4) Subject to appropriations from the Legislature and subject to the reporting and other requirements of this chapter, grant money shall be distributed:

(a) equally between all rural counties that have created a CED board, in an amount up to and including \$200,000 annually per county; and

(b) for grant money that is available after \$200,000 has been provided annually to each eligible rural county, through the process described in Subsection (6).

(5) Beginning in 2021, a rural county may not receive an additional grant under this chapter unless the rural county:

(a) demonstrates a funding match, which may include a funding match provided by any combination of a community reinvestment agency, redevelopment agency, community development and renewal agency, private-sector entity, nonprofit entity, federal matching grant, county or municipality general fund match, or in-kind match, and that totals:

(i) a 10% match for a county of the sixth class;

(ii) a 20% match for a county of the fifth class;

(iii) a 30% match for a county of the fourth class; and

(iv) a 40% match for a county of the third class; and

(b) has complied with the reporting requirements required by the rural partnership board and the reporting requirements described in Subsection (9) for all previous years that the county has received a grant.

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the Office of Rural Development in collaboration with the rural partnership board shall make rules establishing the eligibility and reporting criteria for a rural county to receive grant money under Subsection (4)(b), including:

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(a) the form and process for a county to submit an application to the rural partnership board for a grant;

(b) the method of scoring and prioritizing grant program applications from rural counties;

(c) the reporting, auditing, and post-performance requirements for a rural county that receives grant money; and

(d) any deadlines that shall be met by a rural county when applying for a grant.

(7) In determining the award of grant money under Subsection (4)(b), the rural partnership board may not ~~award~~ recommend the awarding of more than \$800,000 annually to a rural county.

(8) In determining the recommended award of grant money under Subsection (4)(b), the rural partnership board may prioritize applications that demonstrate any combination of the following:

(a) that the county has or is actively pursuing the creation of an effective strategic economic development plan;

(b) consistency with local economic development priorities;

(c) economic need;

(d) utilization of local financial or in-kind resources in combination with a grant;

(e) evidence that jobs will be created; and

(f) evidence that there will be a positive return on investment.

(9) On or before September 1 of each year, a county that has received a grant under this chapter in the previous 12 months shall provide a written report to the rural partnership board that describes:

(a) the amount of grant money the county has received;

(b) how grant money has been distributed by the county, including what companies or entities have utilized grant money, how much grant money each company or entity has received, and how each company or entity has used the money;

(c) an evaluation of the effectiveness of awarded grants in improving economic development in the county, including the number of jobs created, infrastructure that has been created, and capital improvements in the county;

(d) how much matching money has been utilized by the county and what entities have

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provided the matching money; and

(e) any other reporting, auditing, or post-performance requirements established by the Office of Rural Development in collaboration with the rural partnership board under Subsection (6).

(10) The Office of Rural Development shall compile the reported information and provide a written report to the Governor's Office of Economic Development for inclusion in the Governor's Office of Economic Development's annual written report described in Section 63N-1-301.

Section 4. Section **17-54-104** is enacted to read:

### **17-54-104. County Economic Development Advisory Board.**

(1) (a) Each rural county that seeks to obtain a grant under this chapter, shall create a CED board composed of **at least** the following members appointed by ~~the county executive with the advice and consent of~~ the county legislative body:

~~(a)~~ a county representative;

~~(b)~~ a representative of a municipality in the county;

~~(c)~~ a workforce development representative;

~~(d)~~ a private-sector representative; and

~~(e)~~ a member of the public who lives in the county.

**(b) The county legislative body may also appoint additional members with experience or expertise in economic development matters.**

(2) Each CED board shall assist and advise ~~the county executive and~~ the county legislative body on:

(a) applying for a grant under this chapter;

(b) what projects should be funded by grant money provided to a rural county under this chapter; and

(c) preparing reporting requirements for grant money received by a rural county under this chapter.

Section 5. Section **19-13-101**, which is renumbered from Section 63N-2-401 is renumbered and amended to read:

### **CHAPTER 13. RECYCLING MARKET DEVELOPMENT ZONE ACT**

**~~63N-2-401.~~ 19-13-101. Title.**



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This part is known as the "Recycling Market Development Zone Act."

Section 6. Section 19-13-102, which is renumbered from Section 63N-2-402 is renumbered and amended to read:

[63N-2-402].      19-13-102. Definitions.

As used in this part:

(1) "Composting" means the controlled decay of landscape waste or sewage sludge and organic industrial waste, or a mixture of these, by the action of bacteria, fungi, molds, and other organisms.

(2) "Postconsumer waste material" means any product generated by a business or consumer that has served its intended end use, and that has been separated from solid waste for the purposes of collection, recycling, and disposition and that does not include secondary waste material.

(3) (a) "Recovered materials" means waste materials and by-products that have been recovered or diverted from solid waste.

(b) "Recovered materials" does not include those materials and by-products generated from, and commonly reused within, an original manufacturing process.

(4) (a) "Recycling" means the diversion of materials from the solid waste stream and the beneficial use of the materials and includes a series of activities by which materials that would become or otherwise remain waste are diverted from the waste stream for collection, separation, and processing, and are used as raw materials or feedstocks in lieu of or in addition to virgin materials in the manufacture of goods sold or distributed in commerce or the reuse of the materials as substitutes for goods made from virgin materials.

(b) "Recycling" does not include burning municipal solid waste for energy recovery.

(5) "Recycling market development zone" or "zone" means an area designated by the office as meeting the requirements of this part.

(6) (a) "Secondary waste material" means industrial by-products that go to disposal facilities and waste generated after completion of a manufacturing process.

(b) "Secondary waste material" does not include internally generated scrap commonly returned to industrial or manufacturing processes, such as home scrap and mill broke.

(7) "Tax incentive" means a nonrefundable tax credit available under Section 59-7-610 or 59-10-1007.

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Section 7. Section 19-13-103, which is renumbered from Section 63N-2-403 is renumbered and amended to read:

[63N-2-403].            **19-13-103. Duties of the department.**

The [office] department shall:

(1) facilitate recycling development zones through state support of county incentives [which] that encourage development of manufacturing enterprises that use recycling materials currently collected;

(2) evaluate an application from a county or municipality executive authority to be designated as a recycling market development zone and determine if the county or municipality qualifies for that designation;

(3) provide technical assistance to municipalities and counties in developing applications for designation as a recycling market development zone;

(4) assist counties and municipalities designated as recycling market development zones in obtaining assistance from the federal government and agencies of the state;

(5) assist a qualified business in obtaining the benefits of an incentive or inducement program authorized by this part; and

(6) monitor the implementation and operation of this part and conduct a continuing evaluation of the progress made in the recycling market development zone[; and].

[(7) include in the annual written report described in Section 63N-2-301, an evaluation of the effectiveness of the program and recommendations for legislation.]

Section 8. Section 19-13-104, which is renumbered from Section 63N-2-404 is renumbered and amended to read:

[63N-2-404].            **19-13-104. Criteria for recycling market development zone -- Application process and fees.**

(1) An area may be designated as a recycling market development zone only if:

(a) the county or municipality agrees to make a qualifying local contribution under Section [63N-2-405] 19-13-105; and

(b) the county or municipality provides for postconsumer waste collection for recycling within the county or municipality.

(2) The executive authority of any municipality or county desiring to be designated as a recycling market development zone shall:

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(a) obtain the written approval of the municipality or county's legislative body; and  
(b) file an application with the [office] department demonstrating the county or municipality meets the requirements of this part.

(3) The application shall be in a form prescribed by the [office] department, and shall include:

(a) a plan developed by the county or municipality that identifies local contributions meeting the requirements of Section [63N-2-405] 19-13-105;

(b) a county or municipality development plan that outlines:

(i) the specific investment or development reasonably expected to take place;

(ii) any commitments obtained from businesses to participate, and in what capacities regarding recycling markets;

(iii) the county's or municipality's economic development plan and demonstration of coordination between the zone and the county or municipality in overall development goals;

(iv) zoning requirements demonstrating that sufficient portions of the proposed zone area are zoned as appropriate for the development of commercial, industrial, or manufacturing businesses;

(v) the county's or municipality's long-term waste management plan and evidence that the zone will be adequately served by the plan; and

(vi) the county or municipality postconsumer waste collection infrastructure;

(c) the county's or municipality's proposed means of assessing the effectiveness of the development plan or other programs implemented within the zone;

(d) state whether within the zone either of the following will be established:

(i) commercial manufacturing or industrial processes that will produce end products that consist of not less than 50% recovered materials, of which not less than 25% is postconsumer waste material; or

(ii) commercial composting;

(e) any additional information required by the [office] department; and

(f) any additional information the county or municipality considers relevant to its designation as a recycling market development zone.

(4) A county or municipality applying for designation as a recycling market development zone shall pay to the [office] department an application fee determined under

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### Section 63J-1-504.

Section 9. Section 19-13-105, which is renumbered from Section 63N-2-405 is renumbered and amended to read:

#### [63N-2-405].      19-13-105. Qualifying local contributions.

Qualifying local contributions to the recycling market development zone may vary depending on available resources, and may include:

- (1) simplified procedures for obtaining permits;
- (2) dedication of available government grants;
- (3) waiver of business license or permit fees;
- (4) infrastructure improvements;
- (5) private contributions;
- (6) utility rate concessions;
- (7) suspension or relaxation of locally originated zoning laws or general plans; and
- (8) other proposed local contributions as the [office] department finds promote the

purposes of this part.

Section 10. Section 19-13-106, which is renumbered from Section 63N-2-406 is renumbered and amended to read:

#### [63N-2-406].      19-13-106. Eligibility review.

(1) The [office] department shall:

(a) review and evaluate an application submitted under Section [63N-2-404] 19-13-104; and

(b) determine whether the municipality or county is eligible for designation as a recycling market development zone.

(2) In designating recycling market development zones, the [office] department shall consider:

(a) whether the current waste management practices and conditions of the county or municipality are favorable to the development of postconsumer waste material markets;

(b) whether the creation of the zone is necessary to assist in attracting private sector recycling investments to the area; and

(c) the amount of available landfill capacity to serve the zone.

Section 11. Section 19-13-107, which is renumbered from Section 63N-2-407 is

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renumbered and amended to read:

**[63N-2-407].**      **19-13-107. Quarterly consideration.**

The [office] department shall take action quarterly on any application requesting designation as a recycling market development zone.

Section 12. Section 19-13-108, which is renumbered from Section 63N-2-408 is renumbered and amended to read:

**[63N-2-408].**      **19-13-108. Duration of designation.**

A recycling market development zone designation ends five years from the date the [office] department designates the area as a recycling market development zone, at the end of which the county or municipality may reapply for the designation.

Section 13. Section 19-13-109, which is renumbered from Section 63N-2-409 is renumbered and amended to read:

**[63N-2-409].**      **19-13-109. Revocation of designations.**

(1) The [office] department may revoke the designation of a recycling market development zone if no businesses utilize the tax incentives during any calendar year.

(2) Before revocation of the zone, the [office] department shall conduct a public hearing within a reasonable distance of the zone to determine reasons for inactivity and explore possible alternative actions.

Section 14. Section 19-13-110, which is renumbered from Section 63N-2-410 is renumbered and amended to read:

**[63N-2-410].**      **19-13-110. Recycling market development zone credit.**

For a taxpayer within a recycling market development zone, there are allowed the nonrefundable credits against tax as provided by Sections 59-7-610 and 59-10-1007.

Section 15. Section 19-13-111, which is renumbered from Section 63N-2-411 is renumbered and amended to read:

**[63N-2-411].**      **19-13-111. Annual report.**

(1) A county or municipality designated as a recycling market development zone shall report by no later than July 31 of each year to the [office] department regarding the economic activity that has occurred in the zone following the designation.

(2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the [office] department may make rules providing for the form and content of the annual reports.

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Section 16. Section **53B-17-1101** is amended to read:

### **53B-17-1101. Definitions.**

As used in this part:

(1) "Researcher" means an individual who:

(a) on May 8, 2018, is employed, alone or as part of a research team, by the university;

(b) before May 8, 2018, received funding from USTAR for some or all of the

researcher's startup costs or salary;

(c) was recruited to become a member of the university's faculty; and

(d) after May 8, 2018, receives some or all of the researcher's start up costs or salary

from a legislative appropriation to the university for that purpose.

(2) "University" means the University of Utah.

(3) "USTAR" means the Utah Science Technology and Research Initiative [~~created in Section 63M-2-301~~], which was repealed in 2020.

Section ~~6~~17. Section **53B-18-1601** is amended to read:

### **53B-18-1601. Definitions.**

As used in this part:

(1) "Researcher" means an individual who:

(a) on May 8, 2018, is employed, alone or as part of a research team, by the university;

(b) before May 8, 2018, received funding from USTAR for some or all of the

researcher's startup costs or salary;

(c) was recruited to become a member of the university's faculty; and

(d) after May 8, 2018, receives some or all of the researcher's start up costs or salary

from a legislative appropriation to the university for that purpose.

(2) "University" means Utah State University.

(3) "USTAR" means the Utah Science Technology and Research Initiative [~~created in Section 63M-2-301~~], which was repealed in 2020.

Section ~~7~~18. Section **59-7-610** is amended to read:

### **59-7-610. Recycling market development zones tax credits.**

(1) Subject to other provisions of this section, a taxpayer that is a business operating in a recycling market development zone as defined in Section [~~63N-2-402~~] ~~63M-4-8~~ 19-13-102 may claim the following nonrefundable tax credits:

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(a) a tax credit of 5% of the purchase price paid for machinery and equipment used directly in:

(i) commercial composting; or

(ii) manufacturing facilities or plant units that:

(A) manufacture, process, compound, or produce recycled items of tangible personal property for sale; or

(B) reduce or reuse postconsumer waste material; and

(b) a tax credit equal to the lesser of:

(i) 20% of net expenditures to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the taxpayer for establishing and operating recycling or composting technology in Utah; and

(ii) \$2,000.

(2) (a) To claim a tax credit described in Subsection (1), the taxpayer shall receive from the [~~Governor's Office of Economic Development~~] ~~{Office}~~Department of ~~{Energy Development}~~Environmental Quality a written certification, on a form approved by the commission, that includes:

(i) a statement that the taxpayer is operating a business within the boundaries of a recycling market development zone;

(ii) for claims of the tax credit described in Subsection (1)(a):

(A) the type of the machinery and equipment that the taxpayer purchased;

(B) the date that the taxpayer purchased the machinery and equipment;

(C) the purchase price for the machinery and equipment;

(D) the total purchase price for all machinery and equipment for which the taxpayer is claiming a tax credit;

(E) a statement that the machinery and equipment are integral to the composting or recycling process; and

(F) the amount of the taxpayer's tax credit; and

(iii) for claims of the tax credit described in Subsection (1)(b):

(A) the type of net expenditure that the taxpayer made to a third party;

(B) the date that the taxpayer made the payment to a third party;

(C) the amount that the taxpayer paid to each third party;

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(D) the total amount that the taxpayer paid to all third parties;

(E) a statement that the net expenditures support the establishment and operation of recycling or composting technology in Utah; and

(F) the amount of the taxpayer's tax credit.

(b) (i) The [~~Governor's Office of Economic Development~~] ~~{Office}~~ Department of ~~Energy Development~~ Environmental Quality shall provide a taxpayer seeking to claim a tax credit under Subsection (1) with a copy of the written certification.

(ii) The taxpayer shall retain a copy of the written certification for the same period of time that a person is required to keep books and records under Section 59-1-1406.

(c) The [~~Governor's Office of Economic Development~~] ~~{Office}~~ Department of ~~Energy Development~~ Environmental Quality shall submit to the commission an electronic list that includes:

(i) the name and identifying information of each taxpayer to which the ~~{office}~~ Department of Environmental Quality issues a written certification; and

(ii) for each taxpayer, the amount of each tax credit listed on the written certification.

(3) A taxpayer may not claim a tax credit under Subsection (1)(a), Subsection (1)(b), or both that exceeds 40% of the taxpayer's state income tax liability as the tax liability is calculated:

(a) for the taxable year in which the taxpayer made the purchases or payments;

(b) before any other tax credits the taxpayer may claim for the taxable year; and

(c) before the taxpayer claiming a tax credit authorized by this section.

(4) The commission shall make rules governing what information a taxpayer shall file with the commission to verify the entitlement to and amount of a tax credit.

(5) Except as provided in Subsections (6) through (8), a taxpayer may carry forward, to the next three taxable years, the amount of the tax credit that exceeds the taxpayer's income tax liability for the taxable year.

(6) A taxpayer may not claim or carry forward a tax credit described in Subsection (1)(a) in a taxable year during which the taxpayer claims or carries forward a tax credit under Section 63N-2-213.

(7) A taxpayer may not claim or carry forward a tax credit described in Subsection (1)(b) in a taxable year during which the taxpayer claims or carries forward a tax credit under



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Section 63N-2-213.

(8) A taxpayer may not claim or carry forward a tax credit under this section for a taxable year during which the taxpayer claims the targeted business income tax credit under Section 59-7-624.

Section ~~{8}~~19. Section **59-10-1007** is amended to read:

### **59-10-1007. Recycling market development zones tax credits.**

(1) Subject to other provisions of this section, a claimant, estate, or trust in a recycling market development zone as defined in Section [63N-2-402] ~~{63M-4-8}~~19-13-102 may claim the following nonrefundable tax credits:

(a) a tax credit of 5% of the purchase price paid for machinery and equipment used directly in:

(i) commercial composting; or

(ii) manufacturing facilities or plant units that:

(A) manufacture, process, compound, or produce recycled items of tangible personal property for sale; or

(B) reduce or reuse postconsumer waste material; and

(b) a tax credit equal to the lesser of:

(i) 20% of net expenditures to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the claimant, estate, or trust for establishing and operating recycling or composting technology in ~~[Utah]~~the state; and

(ii) \$2,000.

(2) (a) To claim a tax credit described in Subsection (1), the claimant, estate, or trust shall receive from the [~~Governor's Office of Economic Development~~] ~~{Office}~~Department of ~~{Energy Development}~~Environmental Quality a written certification, on a form approved by the commission, that includes:

(i) a statement that the claimant, estate, or trust is operating within the boundaries of a recycling market development zone;

(ii) for ~~[claims]~~a claim of the tax credit described in Subsection (1)(a):

(A) the type of the machinery and equipment that the claimant, estate, or trust purchased;

(B) the date that the claimant, estate, or trust purchased the machinery and equipment;

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(C) the purchase price for the machinery and equipment;

(D) the total purchase price for all machinery and equipment for which the claimant, estate, or trust is claiming a tax credit;

(E) the amount of the claimant's, estate's, or trust's tax credit; and

(F) a statement that the machinery and equipment are integral to the composting or recycling process; and

(iii) for ~~claims~~ a claim of the tax credit described in Subsection (1)(b):

(A) the type of net expenditure that the claimant, estate, or trust made to a third party;

(B) the date that the claimant, estate, or trust made the payment to a third party;

(C) the amount that the claimant, estate, or trust paid to each third party;

(D) the total amount that the claimant, estate, or trust paid to all third parties;

(E) a statement that the net expenditures support the establishment and operation of recycling or composting technology in ~~Utah~~ the state; and

(F) the amount of the claimant's, estate's, or trust's tax credit.

(b) (i) The ~~[Governor's Office of Economic Development]~~ ~~Office~~ Department of Energy Development Environmental Quality shall provide a claimant, estate, or trust seeking to claim a tax credit under Subsection (1) with a copy of the written certification.

(ii) The claimant, estate, or trust shall retain a copy of the written certification for the same period of time that a person is required to keep books and records under Section 59-1-1406.

(c) The ~~[Governor's Office of Economic Development]~~ ~~Office~~ Department of Energy Development Environmental Quality shall submit to the commission an electronic list that includes:

(i) the name and identifying information of each claimant, estate, or trust to which the ~~office~~ Department of Environmental Quality issues a written certification; and

(ii) for each claimant, estate, or trust, the amount of each tax credit listed on the written certification.

(3) A claimant, estate, or trust may not claim a tax credit under Subsection (1)(a), Subsection (1)(b), or both that exceeds 40% of the claimant's, estate's, or trust's state income tax liability as the tax liability is calculated:

(a) for the taxable year in which the claimant, estate, or trust made the purchases or

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payments;

(b) before any other tax credits the claimant, estate, or trust may claim for the taxable year; and

(c) before the claimant, estate, or trust ~~[claiming]~~ claims a tax credit authorized by this section.

(4) The commission shall make rules governing what information a claimant, estate, or trust shall file with the commission to verify the entitlement to and amount of a tax credit.

(5) Except as provided in Subsections (6) through (8), a claimant, estate, or trust may carry forward, to the next three taxable years, the amount of the tax credit that exceeds the ~~[taxpayer's]~~ claimant's, estate's, or trust's income tax liability for the taxable year.

(6) A claimant, estate, or trust may not claim or carry forward a tax credit described in Subsection (1)(a) in a taxable year during which the claimant, estate, or trust claims or carries forward a tax credit under Section 63N-2-213.

(7) A claimant, estate, or trust may not claim a tax credit described in Subsection (1)(b) in a taxable year during which the claimant, estate, or trust claims or carries forward a tax credit under Section 63N-2-213.

(8) A claimant, estate, or trust may not claim or carry forward a tax credit ~~[available]~~ under this section for a taxable year during which the claimant, estate, or trust claims the targeted business income tax credit under Section 59-10-1112.

Section ~~9~~ 20. Section **63A-3-110** is amended to read:

### **63A-3-110. Personal use expenditures for state officers and employees.**

(1) As used in this section:

(a) "Employee" means a person who is not an elected or appointed officer and who is employed on a full- or part-time basis by a governmental entity.

(b) "Governmental entity" means:

(i) an executive branch agency of the state, the offices of the governor, lieutenant governor, state auditor, attorney general, and state treasurer, the State Board of Education, and the State Board of Regents;

(ii) the Office of the Legislative Auditor General, the Office of the Legislative Fiscal Analyst, the Office of Legislative Research and General Counsel, the Legislature, and legislative committees;

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(iii) courts, the Judicial Council, the Administrative Office of the Courts, and similar administrative units in the judicial branch; or

(iv) independent state entities created under Title 63H, Independent State Entities~~[, or]~~.

~~[(v) the Utah Science Technology and Research Governing Authority created under Section 63M-2-301.]~~

(c) "Officer" means a person who is elected or appointed to an office or position within a governmental entity.

(d) (i) "Personal use expenditure" means an expenditure made without the authority of law that:

(A) is not directly related to the performance of an activity as a state officer or employee;

(B) primarily furthers a personal interest of a state officer or employee or a state officer's or employee's family, friend, or associate; and

(C) would constitute taxable income under federal law.

(ii) "Personal use expenditure" does not include:

(A) a de minimis or incidental expenditure; or

(B) a state vehicle or a monthly stipend for a vehicle that an officer or employee uses to travel to and from the officer or employee's official duties, including a minimal allowance for a detour as provided by the state.

(e) "Public funds" means the same as that term is defined in Section 51-7-3.

(2) A state officer or employee may not:

(a) use public funds for a personal use expenditure; or

(b) incur indebtedness or liability on behalf of, or payable by, a governmental entity for a personal use expenditure.

(3) If the Division of Finance or the responsible governmental entity determines that a state officer or employee has intentionally made a personal use expenditure in violation of Subsection (2), the governmental entity shall:

(a) require the state officer or employee to deposit the amount of the personal use expenditure into the fund or account from which:

(i) the personal use expenditure was disbursed; or

(ii) payment for the indebtedness or liability for a personal use expenditure was

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disbursed;

(b) require the state officer or employee to remit an administrative penalty in an amount equal to 50% of the personal use expenditure to the Division of Finance; and

(c) deposit the money received under Subsection (3)(b) into the General Fund.

(4) (a) Any state officer or employee who has been found by a governmental entity to have made a personal use expenditure in violation of Subsection (2) may appeal the finding of the governmental entity.

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the Division of Finance shall make rules regarding an appeal process for an appeal made under Subsection (4)(a), including the designation of an appeal authority.

(5) (a) Subject to Subsection (5)(b), the Division of Finance may withhold all or a portion of the wages of a state officer or employee who has violated Subsection (2) until the requirements of Subsection (3) have been met.

(b) If the state officer or employee has requested an appeal under Subsection (4), the Division of Finance may only withhold the wages of the officer or employee after the appeal authority described in Subsection (4)(b) has confirmed that the officer or employee violated Subsection (2).

(6) Nothing in this chapter immunizes a state officer or employee from or precludes any criminal prosecution or civil or employment action for an unlawful personal use expenditure.

(7) A state officer or employee who is convicted of misusing public money or public property under Section 76-8-402 may not disburse public funds or access public accounts.

Section ~~{10}~~21. Section **63A-5-305** is amended to read:

### **63A-5-305. Leasing by higher education institutions.**

(1) The Board of Regents shall establish written policies and procedures governing leasing by higher education institutions.

(2) Except as provided in [Sections] Section 53B-2a-113 [~~and 63M-2-602~~], a higher education institution shall comply with the procedures and requirements of the Board of Regents' policies before signing or renewing a lease.

Section ~~{11}~~22. Section **63C-10-103** is amended to read:

### **63C-10-103. Duties.**

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- (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) administer the Rural County Grant Program created in Section 17-54-103; and  
~~[(f) review projects in enterprise zones proposed by nonprofit corporations headquartered in enterprise zones as described in Subsection 63N-2-213.5(6);]~~
  - ~~[(g) review applications for cash awards, grants, loans, or other financial assistance under:]~~
  - ~~[(i) the Rural Fast Track Program described in Section 63N-3-104; and]~~
  - ~~[(ii) the Business Expansion and Retention Initiative described in Section 63N-3-104.5; and]~~
  - ~~[(h)]~~ (g) no later than October 1 of each year, submit to the governor, 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

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(iii) a statement of the board's initiatives, programs, and economic development priorities.

(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 ~~412~~23. Section **63I-1-263** is amended to read:

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

(1) In relation to the Utah Transparency Advisory Board, on January 1, 2025:

(a) Subsection 63A-1-201(1) is repealed;

(b) Subsection 63A-1-202(2)(c), the language that states "using criteria established by the board" is repealed;

(c) Section 63A-1-203 is repealed;

(d) Subsections 63A-1-204(1) and (2), the language that states "After consultation with the board, and" is repealed; and

(e) Subsection 63A-1-204(1)(b), the language that states "using the standards provided in Subsection 63A-1-203(3)(c)" is repealed.

(2) Subsection 63A-5-228(2)(h), relating to prioritizing and allocating capital improvement funding, is repealed on July 1, 2024.

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

(4) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July 1, 2028.

(5) Title 63C, Chapter 6, Utah Seismic Safety Commission, is repealed January 1, 2025.

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

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

(8) Title 63C, Chapter 18, Mental Health Crisis Line Commission, is repealed July 1, 2023.

(9) Title 63G, Chapter 21, Agreements to Provide State Services, is repealed July 1, 2025.

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

(11) In relation to the State Fair Corporation Board of Directors, on January 1, 2025:

(a) Subsection 63H-6-104(2)(c), related to a Senate appointment, is repealed;

(b) Subsection 63H-6-104(2)(d), related to a House appointment, is repealed;

(c) in Subsection 63H-6-104(2)(e), the language that states ", of whom only one may be a legislator, in accordance with Subsection (3)(e)," is repealed;

(d) Subsection 63H-6-104(3)(a)(i) is amended to read:

"(3)(a)(i) Except as provided in Subsection (3)(a)(ii), a board member appointed under Subsection (2)(e) or (f) shall serve a term that expires on the December 1 four years after the year that the board member was appointed.";

(e) in Subsections 63H-6-104(3)(a)(ii), (c)(ii), and (d), the language that states "the president of the Senate, the speaker of the House, the governor," is repealed and replaced with "the governor"; and

(f) Subsection 63H-6-104(3)(e), related to limits on the number of legislators, is repealed.

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

(13) Section 63M-7-212 is repealed on December 31, 2019.

(14) 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



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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.

(15) Subsection 63J-1-602.1(13), Nurse Home Visiting Restricted Account is repealed July 1, 2026.

(16) Subsection 63J-1-602.2(4), referring to dedicated credits to the Utah Marriage Commission, is repealed July 1, 2023.

(17) Subsection 63J-1-602.2(5), referring to the Trip Reduction Program, is repealed July 1, 2022.

(18) (a) Subsection 63J-1-602.1(53), relating to the Utah Statewide Radio System Restricted Account, is repealed July 1, 2022.

(b) When repealing Subsection 63J-1-602.1(53), 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.

(19) Subsection 63J-1-602.2(23), related to the Utah Seismic Safety Commission, is repealed January 1, 2025.

(20) Subsection 63J-4-708(1), in relation to the Talent Ready Utah Board, on January 1, 2023, is amended to read:

"(1) On or before October 1, the board shall provide an annual written report to the Social Services Appropriations Subcommittee and the Economic Development and Workforce Services Interim Committee."

(21) In relation to the Utah Substance Use and Mental Health Advisory Council, on January 1, 2023:

(a) Sections 63M-7-301, 63M-7-302, 63M-7-303, 63M-7-304, and 63M-7-306 are repealed;

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(b) Section 63M-7-305, the language that states "council" is replaced with "commission";

(c) Subsection 63M-7-305(1) is repealed and replaced with:

"(1) "Commission" means the Commission on Criminal and Juvenile Justice."; and

(d) Subsection 63M-7-305(2) is repealed and replaced with:

"(2) The commission shall:

(a) provide ongoing oversight of the implementation, functions, and evaluation of the Drug-Related Offenses Reform Act; and

(b) coordinate the implementation of Section 77-18-1.1 and related provisions in Subsections 77-18-1(5)(b)(iii) and (iv)."

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

(23) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1, 2021.

(24) Subsection 63N-1-301(4)(c), related to the Talent Ready Utah Board, is repealed on January 1, 2023.

(25) Title 63N, Chapter 2, Part 2, Enterprise Zone Act, is repealed July 1, 2028.

~~[(26) (a) Title 63N, Chapter 2, Part 4, Recycling Market Development Zone Act, is repealed January 1, 2021.]~~

~~[(b) Subject to Subsection (26)(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 (26)(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,~~

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~~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.]~~

~~[(27)]~~ (26) Section 63N-2-512 is repealed on July 1, 2021.

~~[(28)]~~ (27) (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.

(c) Notwithstanding Subsection ~~[(28)]~~ (27)(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.

~~[(29)]~~ (28) Subsections 63N-3-109(2)(e) and 63N-3-109(2)(f)(i) are repealed July 1, 2023.

~~[(30)]~~ (29) Title 63N, Chapter 4, Part 4, Rural Employment Expansion Program, is repealed July 1, 2023.

~~[(31)]~~ (30) Title 63N, Chapter 9, Part 2, Outdoor Recreational Infrastructure Grant Program, is repealed January 1, 2023.

~~[(32)]~~ (31) In relation to the Pete Suazo Utah Athletic Commission, on January 1, 2021:

(a) Subsection 63N-10-201(2)(a) is amended to read:

"(2) (a) The governor shall appoint five commission members with the advice and consent of the Senate.";

(b) Subsection 63N-10-201(2)(b), related to legislative appointments, is repealed;

(c) in Subsection 63N-10-201(3)(a), the language that states ", president, or speaker, respectively," is repealed; and

(d) Subsection 63N-10-201(3)(d) is amended to read:

"(d) The governor may remove a commission member for any reason and replace the commission member in accordance with this section."

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~~[(33)]~~ (32) In relation to the Talent Ready Utah Board, on January 1, 2023:

(a) Subsection 9-22-102(16) is repealed;

(b) in Subsection 9-22-114(2), the language that states "Talent Ready Utah," is repealed; and

(c) in Subsection 9-22-114(5), the language that states "representatives of Talent Ready Utah," is repealed.

~~[(34)]~~ (33) Title 63N, Chapter 12, Part 5, Talent Ready Utah Center, is repealed January 1, 2023.

Section ~~{13}~~24. Section **63J-1-602.2** is amended to read:

### **63J-1-602.2. List of nonlapsing appropriations to programs.**

Appropriations made to the following programs are nonlapsing:

- (1) The Legislature and its committees.
- (2) The Percent-for-Art Program created in Section 9-6-404.
- (3) The LeRay McAllister Critical Land Conservation Program created in Section 11-38-301.
- (4) Dedicated credits accrued to the Utah Marriage Commission as provided under Subsection 17-16-21(2)(d)(ii).
- (5) The Trip Reduction Program created in Section 19-2a-104.
- (6) The Division of Wildlife Resources for the appraisal and purchase of lands under the Pelican Management Act, as provided in Section 23-21a-6.
- (7) The primary care grant program created in Section 26-10b-102.
- (8) Sanctions collected as dedicated credits from Medicaid provider under Subsection 26-18-3(7).
- (9) The Utah Health Care Workforce Financial Assistance Program created in Section 26-46-102.
- (10) The Rural Physician Loan Repayment Program created in Section 26-46a-103.
- (11) The Opiate Overdose Outreach Pilot Program created in Section 26-55-107.
- (12) Funds that the Department of Alcoholic Beverage Control retains in accordance with Subsection 32B-2-301(7)(a) or (b).
- (13) The General Assistance program administered by the Department of Workforce Services, as provided in Section 35A-3-401.

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- (14) A new program or agency that is designated as nonlapsing under Section 36-24-101.
- (15) The Utah National Guard, created in Title 39, Militia and Armories.
- (16) The State Tax Commission under Section 41-1a-1201 for the:
- (a) purchase and distribution of license plates and decals; and
  - (b) administration and enforcement of motor vehicle registration requirements.
- (17) The Search and Rescue Financial Assistance Program, as provided in Section 53-2a-1102.
- (18) The Motorcycle Rider Education Program, as provided in Section 53-3-905.
- (19) The State Board of Regents for teacher preparation programs, as provided in Section 53B-6-104.
- (20) The Medical Education Program administered by the Medical Education Council, as provided in Section 53B-24-202.
- (21) The State Board of Education, as provided in Section 53F-2-205.
- (22) The Division of Services for People with Disabilities, as provided in Section 62A-5-102.
- (23) The Division of Fleet Operations for the purpose of upgrading underground storage tanks under Section 63A-9-401.
- (24) The Utah Seismic Safety Commission, as provided in Section 63C-6-104.
- (25) Appropriations to the Department of Technology Services for technology innovation as provided under Section 63F-4-202.
- (26) The Office of Administrative Rules for publishing, as provided in Section 63G-3-402.
- ~~[(27) The Utah Science Technology and Research Initiative created in Section 63M-2-301.]~~
- ~~[(28)]~~ (27) The Governor's Office of Economic Development to fund the Enterprise Zone Act, as provided in Title 63N, Chapter 2, Part 2, Enterprise Zone Act.
- ~~[(29)]~~ (28) 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.
- ~~[(30)]~~ (29) The Department of Human Resource Management user training program, as

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provided in Section 67-19-6.

~~[(31)]~~ (30) A public safety answering point's emergency telecommunications service fund, as provided in Section 69-2-301.

~~[(32)]~~ (31) The Traffic Noise Abatement Program created in Section 72-6-112.

~~[(33)]~~ (32) The Judicial Council for compensation for special prosecutors, as provided in Section 77-10a-19.

~~[(34)]~~ (33) A state rehabilitative employment program, as provided in Section 78A-6-210.

~~[(35)]~~ (34) The Utah Geological Survey, as provided in Section 79-3-401.

~~[(36)]~~ (35) The Bonneville Shoreline Trail Program created under Section 79-5-503.

~~[(37)]~~ (36) Adoption document access as provided in Sections 78B-6-141, 78B-6-144, and 78B-6-144.5.

~~[(38)]~~ (37) Indigent defense as provided in Title 78B, Chapter 22, Part 4, Utah Indigent Defense Commission.

~~[(39)]~~ (38) The program established by the Division of Facilities Construction and Management under Subsection 63A-5-228(3) under which state agencies receive an appropriation and pay lease payments for the use and occupancy of buildings owned by the Division of Facilities Construction and Management.

~~{ Section 14. Section 63M-4-801, which is renumbered from Section 63N-2-401 is renumbered and amended to read:~~

### ~~Part 8. Recycling Market Development Zone Act~~

~~\_\_\_\_\_ [63N-2-401]. \_\_\_\_\_ 63M-4-801. Title:~~

~~\_\_\_\_\_ This part is known as the "Recycling Market Development Zone Act."~~

~~\_\_\_\_\_ Section 15. Section 63M-4-802, which is renumbered from Section 63N-2-402 is renumbered and amended to read:~~

~~\_\_\_\_\_ [63N-2-402]. \_\_\_\_\_ 63M-4-802. Definitions.~~

~~\_\_\_\_\_ As used in this part:~~

~~\_\_\_\_\_ (1) "Composting" means the controlled decay of landscape waste or sewage sludge and organic industrial waste, or a mixture of these, by the action of bacteria, fungi, molds, and other organisms:~~

~~\_\_\_\_\_ (2) "Postconsumer waste material" means any product generated by a business or~~

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~~consumer that has served its intended end use, and that has been separated from solid waste for the purposes of collection, recycling, and disposition and that does not include secondary waste material.~~

~~—— (3) (a) "Recovered materials" means waste materials and by-products that have been recovered or diverted from solid waste.~~

~~—— (b) "Recovered materials" does not include those materials and by-products generated from, and commonly reused within, an original manufacturing process.~~

~~—— (4) (a) "Recycling" means the diversion of materials from the solid waste stream and the beneficial use of the materials and includes a series of activities by which materials that would become or otherwise remain waste are diverted from the waste stream for collection, separation, and processing, and are used as raw materials or feedstocks in lieu of or in addition to virgin materials in the manufacture of goods sold or distributed in commerce or the reuse of the materials as substitutes for goods made from virgin materials.~~

~~—— (b) "Recycling" does not include burning municipal solid waste for energy recovery.~~

~~—— (5) "Recycling market development zone" or "zone" means an area designated by the office as meeting the requirements of this part.~~

~~—— (6) (a) "Secondary waste material" means industrial by-products that go to disposal facilities and waste generated after completion of a manufacturing process.~~

~~—— (b) "Secondary waste material" does not include internally generated scrap commonly returned to industrial or manufacturing processes, such as home scrap and mill broke.~~

~~—— (7) "Tax incentive" means a nonrefundable tax credit available under Section 59-7-610 or 59-10-1007.~~

~~—— Section 16. Section ~~63M-4-803~~, which is renumbered from Section 63N-2-403 is renumbered and amended to read:~~

~~—— ~~[63N-2-403].~~ 63M-4-803. Duties of the office.~~

~~—— The office shall:~~

~~—— (1) facilitate recycling development zones through state support of county incentives [which] that encourage development of manufacturing enterprises that use recycling materials currently collected;~~

~~—— (2) evaluate an application from a county or municipality executive authority to be designated as a recycling market development zone and determine if the county or municipality~~

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qualifies for that designation;

~~—— (3) provide technical assistance to municipalities and counties in developing applications for designation as a recycling market development zone;~~

~~—— (4) assist counties and municipalities designated as recycling market development zones in obtaining assistance from the federal government and agencies of the state;~~

~~—— (5) assist a qualified business in obtaining the benefits of an incentive or inducement program authorized by this part; and~~

~~—— (6) monitor the implementation and operation of this part and conduct a continuing evaluation of the progress made in the recycling market development zone[; and];~~

~~—— [(7) include in the annual written report described in Section 63N-2-301, an evaluation of the effectiveness of the program and recommendations for legislation.]~~

~~—— Section 17. Section **63M-4-804**, which is renumbered from Section 63N-2-404 is renumbered and amended to read:~~

~~—— [63N-2-404]. **63M-4-804. Criteria for recycling market development zone**  
**-- Application process and fees.**~~

~~—— (1) An area may be designated as a recycling market development zone only if:~~

~~—— (a) the county or municipality agrees to make a qualifying local contribution under Section [63N-2-405] **63M-4-805**; and~~

~~—— (b) the county or municipality provides for postconsumer waste collection for recycling within the county or municipality.~~

~~—— (2) The executive authority of any municipality or county desiring to be designated as a recycling market development zone shall:~~

~~—— (a) obtain the written approval of the municipality or county's legislative body; and~~

~~—— (b) file an application with the office demonstrating the county or municipality meets the requirements of this part.~~

~~—— (3) The application shall be in a form prescribed by the office, and shall include:~~

~~—— (a) a plan developed by the county or municipality that identifies local contributions meeting the requirements of Section [63N-2-405] **63M-4-805**;~~

~~—— (b) a county or municipality development plan that outlines:~~

~~—— (i) the specific investment or development reasonably expected to take place;~~

~~—— (ii) any commitments obtained from businesses to participate, and in what capacities~~



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regarding recycling markets;

~~—— (iii) the county's or municipality's economic development plan and demonstration of coordination between the zone and the county or municipality in overall development goals;~~

~~—— (iv) zoning requirements demonstrating that sufficient portions of the proposed zone area are zoned as appropriate for the development of commercial, industrial, or manufacturing businesses;~~

~~—— (v) the county's or municipality's long-term waste management plan and evidence that the zone will be adequately served by the plan; and~~

~~—— (vi) the county or municipality postconsumer waste collection infrastructure;~~

~~—— (c) the county's or municipality's proposed means of assessing the effectiveness of the development plan or other programs implemented within the zone;~~

~~—— (d) state whether within the zone either of the following will be established:~~

~~—— (i) commercial manufacturing or industrial processes that will produce end products that consist of not less than 50% recovered materials, of which not less than 25% is postconsumer waste material; or~~

~~—— (ii) commercial composting;~~

~~—— (e) any additional information required by the office; and~~

~~—— (f) any additional information the county or municipality considers relevant to its designation as a recycling market development zone.~~

~~—— (4) A county or municipality applying for designation as a recycling market development zone shall pay to the office an application fee determined under Section 63J-1-504.~~

~~—— Section 18. Section ~~63M-4-805~~, which is renumbered from Section 63N-2-405 is renumbered and amended to read:~~

~~—— ~~[63N-2-405].~~ 63M-4-805. Qualifying local contributions.~~

~~—— Qualifying local contributions to the recycling market development zone may vary depending on available resources, and may include:~~

~~—— (1) simplified procedures for obtaining permits;~~

~~—— (2) dedication of available government grants;~~

~~—— (3) waiver of business license or permit fees;~~

~~—— (4) infrastructure improvements;~~

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- ~~—— (5) private contributions;~~
- ~~—— (6) utility rate concessions;~~
- ~~—— (7) suspension or relaxation of locally originated zoning laws or general plans; and~~
- ~~—— (8) other proposed local contributions as the office finds promote the purposes of this part.~~

~~—— Section 19. Section **63M-4-806**, which is renumbered from Section 63N-2-406 is renumbered and amended to read:~~

~~—— **[63N-2-406].** **63M-4-806. Eligibility review.**~~

- ~~—— (1) The office shall:~~
  - ~~—— (a) review and evaluate an application submitted under Section **[63N-2-404]** **63M-4-804**; and~~
  - ~~—— (b) determine whether the municipality or county is eligible for designation as a recycling market development zone.~~
- ~~—— (2) In designating recycling market development zones, the office shall consider:~~
  - ~~—— (a) whether the current waste management practices and conditions of the county or municipality are favorable to the development of postconsumer waste material markets;~~
  - ~~—— (b) whether the creation of the zone is necessary to assist in attracting private sector recycling investments to the area; and~~
  - ~~—— (c) the amount of available landfill capacity to serve the zone.~~

~~—— Section 20. Section **63M-4-807**, which is renumbered from Section 63N-2-407 is renumbered and amended to read:~~

~~—— **[63N-2-407].** **63M-4-807. Quarterly consideration.**~~

~~—— The office shall take action quarterly on any application requesting designation as a recycling market development zone.~~

~~—— Section 21. Section **63M-4-808**, which is renumbered from Section 63N-2-408 is renumbered and amended to read:~~

~~—— **[63N-2-408].** **63M-4-808. Duration of designation.**~~

~~—— A recycling market development zone designation ends five years from the date the office designates the area as a recycling market development zone, at the end of which the county or municipality may reapply for the designation.~~

~~—— Section 22. Section **63M-4-809**, which is renumbered from Section 63N-2-409 is~~

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renumbered and amended to read:

~~\_\_\_\_\_ [63N-2-409]. \_\_\_\_\_ 63M-4-809. Revocation of designations:~~

~~\_\_\_\_\_ (1) The office may revoke the designation of a recycling market development zone if no businesses utilize the tax incentives during any calendar year.~~

~~\_\_\_\_\_ (2) Before revocation of the zone, the office shall conduct a public hearing within a reasonable distance of the zone to determine reasons for inactivity and explore possible alternative actions.~~

~~\_\_\_\_\_ Section 23. Section 63M-4-810, which is renumbered from Section 63N-2-410 is renumbered and amended to read:~~

~~\_\_\_\_\_ [63N-2-410]. \_\_\_\_\_ 63M-4-810. Recycling market development zone credit.~~

~~\_\_\_\_\_ For a taxpayer within a recycling market development zone, there are allowed the nonrefundable credits against tax as provided by Sections 59-7-610 and 59-10-1007.~~

~~\_\_\_\_\_ Section 24. Section 63M-4-811, which is renumbered from Section 63N-2-411 is renumbered and amended to read:~~

~~\_\_\_\_\_ [63N-2-411]. \_\_\_\_\_ 63M-4-811. Annual report.~~

~~\_\_\_\_\_ (1) A county or municipality designated as a recycling market development zone shall report by no later than July 31 of each year to the office regarding the economic activity that has occurred in the zone following the designation.~~

~~\_\_\_\_\_ (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office may make rules providing for the form and content of the annual reports.~~

‡ Section 25. Section **63N-1-501** is amended to read:

### **63N-1-501. Governor's Economic Development Coordinating Council --**

#### **Membership -- Expenses.**

(1) There is created in the office the Governor's Economic Development Coordinating Council, consisting of the following 11 members:

(a) the executive director, who shall serve as chair of the council;

(b) the chair of the board or the chair's designee;

~~[(c) the chair of the Utah Science Technology and Research Governing Authority created in Section 63M-2-301 or the chair's designee;]~~

~~[(d)] (c)~~ the chair of the Governor's Rural Partnership Board created in Section 63C-10-102 or the chair's designee;

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~~[(e)]~~ (d) the chair of the board of directors of the Utah Capital Investment Corporation created in Section 63N-6-301 or the chair's designee;

~~[(f)]~~ (e) the chair of the Economic Development Corporation of Utah or its successor organization or the chair's designee;

~~[(g)]~~ (f) the chair of the World Trade Center Utah or its successor organization or the chair's designee; and

~~[(h)]~~ (g) ~~[four]~~ five members appointed by the governor, with the consent of the Senate, who have expertise in business, economic development, entrepreneurship, or the raising of venture or seed capital for research and business growth.

(2) (a) The ~~[four]~~ five members appointed by the governor may serve for no more than two consecutive two-year terms.

(b) The governor shall appoint a replacement if a vacancy occurs from the membership appointed under Subsection (1)~~[(h)]~~(g).

(3) Six members of the council constitute a quorum for the purpose of conducting council business and the action of a majority of a quorum constitutes the action of the council.

(4) A member may not receive compensation or benefits for the member's service on the council, but may receive per diem and travel expenses in accordance with:

(a) Sections 63A-3-106 and 63A-3-107; and

(b) rules made by the Division of Finance under Sections 63A-3-106 and 63A-3-107.

(5) The office shall provide office space and administrative staff support for the council.

(6) The council, as a governmental entity, has all the rights, privileges, and immunities of a governmental entity of the state and its meetings are subject to Title 52, Chapter 4, Open and Public Meetings Act.

Section 26. Section **63N-2-203** is amended to read:

### **63N-2-203. Powers of the office.**

The office shall:

(1) monitor the implementation and operation of this part and conduct a continuing evaluation of the progress made in the enterprise zones;

(2) evaluate an application for designation as an enterprise zone from a county applicant or a municipal applicant and determine if the applicant qualifies for that designation;

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(3) provide technical assistance to county applicants and municipal applicants in developing applications for designation as enterprise zones;

(4) assist county applicants and municipal applicants designated as enterprise zones in obtaining assistance from the federal government and agencies of the state;

(5) assist a qualified business entity in obtaining the benefits of an incentive or inducement program authorized by this part; and

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

(a) based on data from the State Tax Commission, the total amount of tax credits claimed under this part;

(b) the total amount awarded in tax credits for each development zone;

(c) the number of new full-time employee positions reported to obtain tax credits in each development zone;

(d) the amount of tax credits awarded for rehabilitating a building in each development zone;

(e) the amount of tax credits awarded for investing in a plant, equipment, or other depreciable property in each development zone; and

~~[(f) the list of approved projects under Section 63N-2-213.5 and the aggregate value of the tax credit certificates issued related to contributions to those approved projects; and]~~

~~[(g)]~~ (f) recommendations regarding the effectiveness of the program and any suggestions for legislation.

Section 27. Section **63N-2-204** is amended to read:

### **63N-2-204. Criteria for designation of enterprise zones -- Application.**

(1) A county applicant seeking designation as an enterprise zone shall file an application with the office that, in addition to complying with the other requirements of this part:

(a) verifies that the county has a population of not more than 70,000; and

(b) provides clear evidence of the need for development in the county.

(2) A municipal applicant seeking designation as an enterprise zone shall file an application with the office that, in addition to complying with other requirements of this part:

(a) verifies that the municipality has a population that does not exceed 20,000;

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(b) verifies that the municipality is within a county that has a population of not more than 70,000; and

(c) provides clear evidence of the need for development in the municipality.

(3) An application filed under Subsection (1) or (2) shall be in a form and in accordance with procedures approved by the office, and shall include the following information:

(a) a plan developed by the county applicant or municipal applicant that identifies local contributions meeting the requirements of Section 63N-2-205;

(b) the county applicant or municipal applicant has a development plan that outlines:

(i) the types of investment and development within the zone that the county applicant or municipal applicant expects to take place if the incentives specified in this part are provided;

(ii) the specific investment or development reasonably expected to take place;

(iii) any commitments obtained from businesses;

(iv) the projected number of jobs that will be created and the anticipated wage level of those jobs;

(v) any proposed emphasis on the type of jobs created, including any affirmative action plans; and

(vi) a copy of the county applicant's or municipal applicant's economic development plan to demonstrate coordination between the zone and overall county or municipal goals;

(c) the county applicant's or municipal applicant's proposed means of assessing the effectiveness of the development plan or other programs within the zone once they have been implemented within the zone;

(d) any additional information required by the office; and

(e) any additional information the county applicant or municipal applicant considers relevant to its designation as an enterprise zone.

(4) On or after January 1, 2020, no new enterprise zones shall be designated.

Section 28. Section **63N-2-208** is amended to read:

### **63N-2-208. Duration of designation.**

(1) Each enterprise zone has a duration of five years~~[, at the end of which the county may reapply for the designation].~~

(2) On or after January 1, 2020, **neither a municipality nor** a county may ~~not~~ reapply

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for an enterprise zone designation for an enterprise zone that has reached the end of the enterprise zone's five-year duration.

Section 29. Section **63N-2-213** is amended to read:

### **63N-2-213. State tax credits.**

(1) The office shall certify a business entity's eligibility for a tax credit described in this section.

(2) A business entity seeking to receive a tax credit as provided in this section shall provide the office with:

(a) an application for a tax credit certificate in a form approved by the office, including a certification, by an officer of the business entity, of a signature on the application; and

(b) documentation that demonstrates the business entity has met the requirements to receive the tax credit.

(3) If, after review of an application and documentation provided by a business entity as described in Subsection (2), the office determines that the application and documentation are inadequate to provide a reasonable justification for authorizing the tax credit, the office shall:

(a) deny the tax credit; or

(b) inform the business entity that the application or documentation was inadequate and ask the business entity to submit additional documentation.

(4) If, after review of an application and documentation provided by a business entity as described in Subsection (2), the office determines that the application and documentation provide reasonable justification for authorizing a tax credit, the office shall:

(a) determine the amount of the tax credit to be granted to the business entity;

(b) issue a tax credit certificate to the business entity; and

(c) provide a duplicate copy of the tax credit certificate to the State Tax Commission.

(5) A business entity may not claim a tax credit under this section unless the business entity has a tax credit certificate issued by the office.

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office shall make rules describing:

(a) the form and content of an application for a tax credit under this section;

(b) the documentation requirements for a business entity to receive a tax credit certificate under this section; and

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(c) administration of the program, including relevant timelines and deadlines.

(7) Subject to the limitations of Subsections (8) through (10), and if the requirements of this part are met, the following nonrefundable tax credits against a tax under Title 59, Chapter 7, Corporate Franchise and Income Taxes, or Title 59, Chapter 10, Individual Income Tax Act, are applicable in an enterprise zone:

(a) a tax credit of \$750 may be claimed by a business entity for each new full-time employee position created within the enterprise zone;

(b) an additional \$500 tax credit may be claimed if the new full-time employee position created within the enterprise zone pays at least 125% of:

(i) the county average monthly nonagricultural payroll wage for the respective industry as determined by the Department of Workforce Services; or

(ii) if the county average monthly nonagricultural payroll wage is not available for the respective industry, the total average monthly nonagricultural payroll wage in the respective county where the enterprise zone is located;

(c) an additional tax credit of \$750 may be claimed if the new full-time employee position created within the enterprise zone is in a business entity that adds value to agricultural commodities through manufacturing or processing;

(d) an additional tax credit of \$200 may be claimed [~~for two consecutive years~~] for each new full-time employee position created within the enterprise zone that is filled by an employee who is insured under an employer-sponsored health insurance program if the employer pays at least 50% of the premium cost for the year for which the credit is claimed;

(e) a tax credit of 25% of the first \$200,000 spent on rehabilitating a building in the enterprise zone that has been vacant for two years or more, including that the building has had or contained no occupants, tenants, furniture, or personal property for two years or more, in the time period immediately before the rehabilitation; and

(f) (i) subject to the limitations of Subsection (7)(f)(ii), an annual investment tax credit of 10% of the first \$250,000 in investment, and 5% of the next [~~\$1,000,000~~] \$750,000 qualifying investment in plant, equipment, or other depreciable property[-]; and

(ii) the maximum amount of annual investment tax credit that can be claimed by a business entity under Subsection (7)(f)(i) is an amount equal to the amount being claimed by the business entity under Subsections (7)(a) through (d) in the same taxable year.



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(8) (a) Subject to the limitations of Subsection (8)(b), a business entity claiming a tax credit under Subsections (7)(a) through (d) may claim the tax credit for no more than 30 full-time employee positions in a taxable year.

(b) A business entity that received a tax credit for one or more new full-time employee positions under Subsections (7)(a) through (d) in a prior taxable year may claim a tax credit for a new full-time employee position in a subsequent taxable year under Subsections (7)(a) through (d) if:

(i) the business entity has created a new full-time position within the enterprise zone; and

(ii) the total number of full-time employee positions at the business entity at any point during the tax year for which the tax credit is being claimed is greater than the highest number of full-time employee positions that existed at the business entity in the previous three taxable years.

(c) Construction jobs are not eligible for the tax credits under Subsections (7)(a) through (d).

(9) If the amount of a tax credit under this section exceeds a business entity's tax liability under this chapter for a taxable year, the business entity may carry forward the amount of the tax credit exceeding the liability for a period that does not exceed the next three taxable years.

(10) Tax credits under Subsections (7)(a) through (f) may not be claimed by a business entity primarily engaged in retail trade or by a public utilities business.

(11) A business entity that has no employees:

(a) may not claim tax credits under Subsections (7)(a) through (d); and

(b) may claim tax credits under Subsections (7)(e) through (f).

(12) (a) A business entity may not claim or carry forward a tax credit available under this part for a taxable year during which the business entity has claimed the targeted business income tax credit available under Section 63N-2-304.

(b) A business entity may not claim or carry forward a tax credit available under this section for a taxable year during which the business entity claims or carries forward a tax credit available under Section 59-7-610 or 59-10-1007.

(13) (a) On or before November 30, 2018, and every three years after 2018, the

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Revenue and Taxation Interim Committee shall review the tax credits provided by this section and make recommendations concerning whether the tax credits should be continued, modified, or repealed.

(b) In conducting the review required by Subsection (13)(a), the Revenue and Taxation Interim Committee shall:

- (i) schedule time on at least one committee agenda to conduct the review;
- (ii) invite state agencies, individuals, and organizations concerned with the credits under review to provide testimony;
- (iii) ensure that the recommendations described in this section include an evaluation of:
  - (A) the cost of the tax credits to the state;
  - (B) the purpose and effectiveness of the tax credits; and
  - (C) the extent to which the state benefits from the tax credits; and
- (iv) undertake other review efforts as determined by the chairs of the Revenue and Taxation Interim Committee.

Section 30. Section **63N-4-104** is amended to read:

### **63N-4-104. Duties.**

- (1) The Office of Rural Development shall:
  - (a) provide staff support to the Governor's Rural Partnership Board in accordance with Subsection 63C-10-102(6);
  - (b) facilitate within GOED the implementation of the strategic plan prepared under Subsection 63C-10-103(1)(b);
  - (c) work to enhance the capacity of GOED to address rural economic development, planning, and leadership training challenges and opportunities by establishing partnerships and positive working relationships with appropriate public and private sector entities, individuals, and institutions;
  - (d) work with the Governor's Rural Partnership Board to coordinate and focus available resources in ways that address the economic development, planning, and leadership training challenges and priorities in rural Utah; [~~and~~]
  - (e) assist the Governor's Rural Partnership Board in administering the Rural County Grant Program created in Section 17-54-103, including, as described in Subsection 17-54-103(10), compiling reported information regarding the program for inclusion in GOED's

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annual written report described in Section 63N-1-301; and

~~[(e)]~~ (f) in accordance with economic development and planning policies set by state government, coordinate relations between:

(i) the state;  
(ii) rural governments;  
(iii) other public and private groups engaged in rural economic planning and development; and

(iv) federal agencies.

(2) (a) The Office of Rural Development may:

(i) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules necessary to carry out its duties;

(ii) accept gifts, grants, devises, and property, in cash or in kind, for the benefit of rural Utah citizens; and

(iii) use those gifts, grants, devises, and property received under Subsection (2)(a)(ii) for the use and benefit of rural citizens within the state.

(b) All resources received under Subsection (2)(a)(ii) shall be deposited in the General Fund as dedicated credits to be used as directed in Subsection (2)(a)(iii).

Section 31. Section **67-19-15** is amended to read:

**67-19-15. Career service -- Exempt positions -- Schedules for civil service positions -- Coverage of career service provisions.**

(1) Except as otherwise provided by law or by rules and regulations established for federally aided programs, the following positions are exempt from the career service provisions of this chapter and are designated under the following schedules:

(a) schedule AA includes the governor, members of the Legislature, and all other elected state officers;

(b) schedule AB includes appointed executives and board or commission executives enumerated in Section 67-22-2;

(c) schedule AC includes all employees and officers in:

(i) the office and at the residence of the governor;

~~[(ii) the Utah Science Technology and Research Initiative (USTAR);]~~

~~[(iii)]~~ (ii) the Public Lands Policy Coordinating Council;

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~~[(iv)]~~ (iii) the Office of the State Auditor; and

~~[(v)]~~ (iv) the Office of the State Treasurer;

(d) schedule AD includes employees who:

(i) are in a confidential relationship to an agency head or commissioner; and

(ii) report directly to, and are supervised by, a department head, commissioner, or deputy director of an agency or its equivalent;

(e) schedule AE includes each employee of the State Board of Education that the State Board of Education designates as exempt from the career service provisions of this chapter;

(f) schedule AG includes employees in the Office of the Attorney General who are under their own career service pay plan under Sections 67-5-7 through 67-5-13;

(g) schedule AH includes:

(i) teaching staff of all state institutions; and

(ii) employees of the Utah Schools for the Deaf and the Blind who are:

(A) educational interpreters as classified by the department; or

(B) educators as defined by Section 53E-8-102;

(h) schedule AN includes employees of the Legislature;

(i) schedule AO includes employees of the judiciary;

(j) schedule AP includes all judges in the judiciary;

(k) schedule AQ includes:

(i) members of state and local boards and councils appointed by the governor and governing bodies of agencies;

(ii) a water commissioner appointed under Section 73-5-1;

(iii) other local officials serving in an ex officio capacity; and

(iv) officers, faculty, and other employees of state universities and other state institutions of higher education;

(l) schedule AR includes employees in positions that involve responsibility:

(i) for determining policy;

(ii) for determining the way in which a policy is carried out; or

(iii) of a type not appropriate for career service, as determined by the agency head with the concurrence of the executive director;

(m) schedule AS includes any other employee:

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- (i) whose appointment is required by statute to be career service exempt;
- (ii) whose agency is not subject to this chapter; or
- (iii) whose agency has authority to make rules regarding the performance, compensation, and bonuses for its employees;
- (n) schedule AT includes employees of the Department of Technology Services, designated as executive/professional positions by the executive director of the Department of Technology Services with the concurrence of the executive director;
- (o) schedule AU includes patients and inmates employed in state institutions;
- (p) employees of the Department of Workforce Services, designated as schedule AW:
  - (i) who are temporary employees that are federally funded and are required to work under federally qualified merit principles as certified by the director; or
  - (ii) for whom substantially all of their work is repetitive, measurable, or transaction based, and who voluntarily apply for and are accepted by the Department of Workforce Services to work in a pay for performance program designed by the Department of Workforce Services with the concurrence of the executive director; and
- (q) for employees in positions that are temporary, seasonal, time limited, funding limited, or variable hour in nature, under schedule codes and parameters established by the department by administrative rule.

(2) The civil service shall consist of two schedules as follows:

- (a) (i) Schedule A is the schedule consisting of positions under Subsection (1).
- (ii) Removal from any appointive position under schedule A, unless otherwise regulated by statute, is at the pleasure of the appointing officers without regard to tenure.

(b) Schedule B is the competitive career service schedule, consisting of:

- (i) all positions filled through competitive selection procedures as defined by the executive director; or
- (ii) positions filled through a department approved on-the-job examination intended to appoint a qualified person with a disability, or a veteran in accordance with Title 71, Chapter 10, Veterans Preference.

(3) (a) The executive director, after consultation with the heads of concerned executive branch departments and agencies and with the approval of the governor, shall allocate positions to the appropriate schedules under this section.

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(b) Agency heads shall make requests and obtain approval from the executive director before changing the schedule assignment and tenure rights of any position.

(c) Unless the executive director's decision is reversed by the governor, when the executive director denies an agency's request, the executive director's decision is final.

(4) (a) Compensation for employees of the Legislature shall be established by the directors of the legislative offices in accordance with Section 36-12-7.

(b) Compensation for employees of the judiciary shall be established by the state court administrator in accordance with Section 78A-2-107.

(c) Compensation for officers, faculty, and other employees of state universities and institutions of higher education shall be established as provided in Title 53B, Chapter 1, Governance, Powers, Rights, and Responsibilities, and Title 53B, Chapter 2, Institutions of Higher Education.

(d) Unless otherwise provided by law, compensation for all other schedule A employees shall be established by their appointing authorities, within ranges approved by, and after consultation with the executive director of the Department of Human Resource Management.

(5) An employee who is in a position designated schedule AC and who holds career service status on June 30, 2010, shall retain the career service status if the employee:

(a) remains in the position that the employee is in on June 30, 2010; and

(b) does not elect to convert to career service exempt status in accordance with a rule made by the department.

**Section 32. Repealer.**

This bill repeals:

**Section 13-1-14, Workforce Development Restricted Account.**

**Section 59-7-614.11, Nonrefundable nonprofit contribution tax credit.**

**Section 59-10-1039, Nonrefundable nonprofit contribution tax credit.**

**Section 63M-2-101, Title.**

**Section 63M-2-102, Definitions.**

**Section 63M-2-301, The Utah Science Technology and Research Initiative -- Governing authority -- Program director.**

**Section 63M-2-302, USTAR powers and duties.**

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Section 63M-2-302.5, USTAR requirements.

Section 63M-2-304, Background checks for employees.

Section 63M-2-501, Title.

Section 63M-2-502, Principal researchers -- Agreement requirements --

### **Discontinuing funding.**

Section 63M-2-503, USTAR grant programs.

Section 63M-2-504, Other USTAR support.

Section 63M-2-601, Title.

Section 63M-2-602, Lease agreement for a research building -- Requirements for lease agreement.

Section 63M-2-701, Title.

Section 63M-2-703, Reporting requirements for private entities.

Section 63M-2-801, Title.

Section 63M-2-802, USTAR annual report.

Section 63M-2-803, Audit requirements.

Section 63N-2-213.5, State tax credits for contributions to a nonprofit corporation.

Section 63N-3-104, Rural Fast Track Program -- Creation -- Funding --

### **Qualifications for program participation -- Awards -- Reports.**

Section 63N-3-104.5, Business Expansion and Retention Initiative -- Creation --

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

Section 33. **Appropriation.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2020, and ending June 30, 2021. These are additions to amounts previously appropriated for fiscal year 2021. 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.

### ITEM 1

To General Fund Restricted -- Workforce Development Restricted Account

From General Fund (\$14,636,900)

Schedule of Programs:

Workforce Development Restricted Account (\$14,636,900)

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The Legislature intends that any remaining money in the Workforce Development Restricted Account also be deposited into the General Fund.

### ITEM 2

To Governor's Office of Economic Development -- Rural County Grant Program

From General Fund \$10,000,000

Schedule of Programs:

~~{Workforce Development Restricted Account}~~ Rural County Grant

Program \$10,000,000

The Legislature intends that the Governor's Office of Economic Development use the appropriation in this item to:

(1) fund the portion of the Rural County Grant Program described in Subsection 17-54-103(4)(a) in an amount of no more than \$5,000,000; and

(2) use the remainder of the appropriation to fund the portion of the Rural County Grant Program described in Subsection 17-54-103(4)(b).

**Section 34. Retrospective operation.**

The repeal of Sections 59-7-614.11, 59-10-1039, and 63N-2-213.5 in this bill have retrospective operation for a taxable year beginning on or after January 1, 2020.

**Section 35. Effective date.**

This bill takes effect on July 1, 2020.