

ECONOMIC DEVELOPMENT PROGRAMS AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Christine F. Watkins

Senate Sponsor: David P. Hinkins

LONG TITLE

General Description:

This bill amends provisions related to the Rural Fast Track Program and the Business Expansion and Retention Initiative.

Highlighted Provisions:

This bill:

- ▶ changes the number of months examined in determining the creation of a company's new incremental job under the Rural Fast Track Program;

- ▶ removes a cap on the amount of money the Board of Business and Economic Development may grant to a single rural economic development entity as part of the Business Expansion and Retention Initiative; and

- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63N-3-104, as last amended by Laws of Utah 2018, Chapter 204

63N-3-104.5, as enacted by Laws of Utah 2018, Chapter 204

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

Section 1. Section **63N-3-104** is amended to read:

30 **63N-3-104. Rural Fast Track Program -- Creation -- Funding -- Qualifications**
31 **for program participation -- Awards -- Reports.**

32 (1) (a) There is created the Rural Fast Track Program.

33 (b) The program is a funded component of the economically disadvantaged rural areas
34 designation in Subsection 63N-3-103(1)(a).

35 (2) In awarding a grant, loan, or other financial assistance under this section, the
36 administrator shall:

37 (a) consider whether the award will:

38 (i) provide an efficient way for small companies in rural areas of the state to receive
39 incentives for capital investment; and

40 (ii) lead to the creation of high paying jobs in rural areas of the state; and

41 (b) request and consider a recommendation from the Governor's Rural Partnership
42 Board created in Section 63C-10-102 regarding an applicant seeking a grant, loan, or other
43 financial assistance under Subsection (5)(d).

44 (3) (a) Subject to available funds in the restricted account, at least \$1,500,000 from the
45 Industrial Assistance Account created in Subsection 63N-3-103(1) shall be used to fund the
46 program at the beginning of each fiscal year.

47 (b) The amount referred to in Subsection (3)(a) is not in addition to but is a part of the
48 up to 50% designation for economically disadvantaged rural areas referred to in Subsection
49 63N-3-103(1)(a).

50 (c) If any of the funding referred to in Subsection (3)(a) has not been used in the
51 program by the end of the third quarter of each fiscal year, that money may be used for any
52 other loan, grant, or assistance program offered through the Industrial Assistance Account
53 during the fiscal year.

54 (4) (a) To qualify for participation in the program a company:

55 (i) shall complete and file with the office an application for participation in the
56 program, signed by an officer of the company;

57 (ii) shall be located and conduct ~~[its]~~ the company's business operations in a county in

58 the state of the third, fourth, fifth, or sixth class as described in Section 17-50-501;

59 (iii) that is located and conducts [its] the company's business operations in a county of

60 the third class as described in Section 17-50-501, may not be located and conduct [its] the

61 company's business operations within a city that has a:

62 (A) population of more than 20,000; or

63 (B) median household income of more than \$70,000 as reflected in the most recently

64 available data collected and reported by the United States Census Bureau;

65 (iv) shall have been in business in the state for at least two years; and

66 (v) shall have at least two employees.

67 (b) (i) The office shall verify an applicant's qualifications under Subsection (4)(a).

68 (ii) The application must be approved by the administrator in order for a company to

69 receive an incentive or other assistance under this section.

70 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

71 administrator may make rules governing:

72 (i) the content of the application form referred to in Subsection (4)(a)(i);

73 (ii) who qualifies as an employee under Subsection (4)(a)(v); and

74 (iii) the verification procedure referred to in Subsection (4)(b).

75 (5) (a) The administrator shall make incentive cash awards to small companies under

76 this section based on the following criteria:

77 (i) \$1,000 for each new incremental job that pays over 110% of the county's median

78 annual wage;

79 (ii) \$1,250 for each incremental job that pays over 115% of the county's median annual

80 wage; and

81 (iii) \$1,500 for each incremental job that pays over 125% of the county's median

82 annual wage.

83 (b) The administrator shall make a cash award under Subsection (5)(a) when a new

84 incremental job has been in place for at least 12 months.

85 (c) The creation of a new incremental job by a company is based on the number of

86 employees at the company during the previous ~~[24]~~ 12 months.

87 (d) A small company may also apply for grants, loans, or other financial assistance
88 under the program for capital investment to help develop ~~[its]~~ the company's business in rural
89 Utah and may receive:

90 (i) up to \$50,000 under the program if approved by the administrator; or

91 (ii) over \$50,000 under the program if approved by the administrator and the board.

92 (6) The administrator shall make an annual report to the board of the awards made by
93 the administrator under this section and submit a report to the office on the awards and ~~[their]~~
94 the impact of the awards on economic development in the state's rural areas for inclusion in the
95 office's annual written report described in Section [63N-1-301](#).

96 Section 2. Section **63N-3-104.5** is amended to read:

97 **63N-3-104.5. Business Expansion and Retention Initiative -- Creation -- Funding**
98 **-- Qualifications for program participation -- Awards -- Reports.**

99 (1) As used in this section:

100 (a) "Business resource centers" means the same as that term is defined in Section
101 [63N-3-303](#).

102 (b) "Rural economic development entity" means a public, nonprofit, or private
103 organization primarily engaged in economic development efforts in a rural area of the state, and
104 may include:

105 (i) county, city, or tribal economic development offices;

106 (ii) associations of governments, established pursuant to an interlocal agreement under
107 Title 11, Chapter 13, Interlocal Cooperation Act;

108 (iii) business resource centers; or

109 (iv) small business development centers, established under the United States Small
110 Business Administration's small business development center program.

111 (2) (a) There is created the Business Expansion and Retention Initiative.

112 (b) The program is a funded component of the economically disadvantaged rural areas
113 designation in Subsection [63N-3-103\(1\)\(a\)](#).

114 (3) In awarding a grant under this section, the administrator shall:
115 (a) consider whether the grant will:
116 (i) assist new and existing rural businesses;
117 (ii) influence rural job creation; and
118 (iii) diversify Utah's rural economies; and
119 (b) request and consider a recommendation from the Governor's Rural Partnership
120 Board created in Section 63C-10-102 regarding an applicant seeking financial assistance under
121 this section.

122 (4) (a) Subject to available funds in the restricted account, at least \$350,000 from the
123 Industrial Assistance Account created in Subsection 63N-3-103(1) shall be used to fund the
124 program at the beginning of each fiscal year.

125 (b) The amount referred to in Subsection (4)(a) is not in addition to but is a part of the
126 up to 50% designation for economically disadvantaged rural areas referred to in Subsection
127 63N-3-103(1)(a).

128 (c) If any of the funding referred to in Subsection (4)(a) has not been used in the
129 program by the end of the third quarter of each fiscal year, that money may be used for any
130 other loan, grant, or assistance program offered through the Industrial Assistance Account
131 during the fiscal year.

132 (5) (a) To qualify for participation in the program a rural economic development entity:

133 (i) shall complete and file with the office an application for participation in the
134 program;

135 (ii) shall be located and conduct its operations in a county in the state of the third,
136 fourth, fifth, or sixth class as described in Section 17-50-501; and

137 (iii) that is located and conducts its operations in a county of the third class as
138 described in Section 17-50-501, may not be located and conduct its operations within a city
139 that has a:

140 (A) population of more than 20,000; or

141 (B) median household income of more than \$70,000 as reflected in the most recently

142 available data collected and reported by the United States Census Bureau.

143 (b) (i) The office shall verify an applicant's qualifications under Subsection (5)(a).

144 (ii) The application must be approved by the administrator in order for a rural
145 economic development entity to receive a grant under this section.

146 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
147 administrator may make rules governing:

148 (i) the content of the application form referred to in Subsection (5)(a)(i); and

149 (ii) the verification procedure referred to in Subsection (5)(b).

150 [~~(6) The board may issue a grant of no more than \$30,000 to a single rural economic
151 development entity under this section in any calendar year.~~]

152 [(7)] (6) A rural economic development entity shall use a grant awarded under this
153 section to:

154 (a) conduct outreach and information gathering efforts to better understand the needs of
155 local businesses; or

156 (b) engage in other activity approved by the administrator that is intended to expand or
157 retain businesses in a rural area of the state.

158 [(8)] (7) The administrator shall make an annual report to the board of the awards made
159 by the administrator under this section and submit a report to the office on the awards and their
160 impact on economic development in the state's rural areas for inclusion in the office's annual
161 written report described in Section 63N-1-301.