

BUSINESS EXPANSION AND RETENTION INITIATIVE

AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Christine F. Watkins

Senate Sponsor: _____

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

▶ moves the approval authority for the Business Expansion and Retention Initiative and Rural Fast Track Program from the Governor's Office of Economic Development to the Governor's Rural Partnership Board;

▶ creates the Rural Economic Development Account;

▶ sets limits on the amount of money available to the Business Expansion and Retention Initiative and Rural Fast Track Program;

▶ describes the Business Expansion and Retention Initiative; and

▶ defines terms.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:



28 **63C-10-102**, as last amended by Laws of Utah 2014, Chapter 259
 29 **63C-10-103**, as last amended by Laws of Utah 2017, Chapter 252
 30 **63N-3-103**, as renumbered and amended by Laws of Utah 2015, Chapter 283

31 ENACTS:

32 **63C-10-104**, Utah Code Annotated 1953
 33 **63C-10-106**, Utah Code Annotated 1953

34 RENUMBERS AND AMENDS:

35 **63C-10-105**, (Renumbered from 63N-3-104, as last amended by Laws of Utah 2015,
 36 Chapter 115 and renumbered and amended by Laws of Utah 2015, Chapter 283)



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

39 Section 1. Section **63C-10-102** is amended to read:

40 **63C-10-102. Governor's Rural Partnership Board -- Creation -- Membership --**
 41 **Vacancies -- Chairs -- Expenses.**

42 (1) As used in this section:

- 43 (a) "Board" means the Governor's Rural Partnership Board, created in Subsection (2).
- 44 (b) "Executive committee" means the executive committee of the Governor's Rural
- 45 Partnership Board, created in Subsection (5).

46 (2) There is created the Governor's Rural Partnership Board composed of 17 members
 47 as follows:

- 48 (a) the governor or the governor's designee;
- 49 (b) a rural member of the Utah Association of Counties' Board of Directors, appointed
- 50 by the association's board;
- 51 (c) a rural member of the Utah League of Cities and Towns' Board of Directors,
- 52 appointed by the league's board;
- 53 (d) the vice president of Utah State University's Extension Services or the vice
- 54 president's designee;
- 55 (e) the president of Southern Utah University or the president's designee;
- 56 (f) a rural representative from the Department of Workforce Services, appointed by the
- 57 Department of Workforce Services;
- 58 (g) the director of the Division of Indian Affairs or the director's designee;

- 59 (h) a representative from a rural association of governments;
60 (i) a rural representative of agriculture;
61 (j) a rural representative of the travel industry;
62 (k) a representative of rural utilities;
63 (l) a representative from the oil, gas, or mineral extraction industry; and
64 (m) five rural members appointed by the governor, at least one of which shall be a
65 representative from a rural private business.

66 (3) (a) Except as required by Subsection (3)(b), board members identified in
67 Subsections (2)(b), (c), (f), (h), (i), (j), (k), (l), and (m) shall be appointed for four-year terms.

68 (b) The governor shall, at the time of appointment or reappointment for members
69 appointed under Subsection (2)(m), adjust the length of terms to ensure that the terms of these
70 members are staggered so that approximately half of these five members are appointed every
71 two years.

72 (c) When a vacancy occurs in the membership for any reason, the replacement shall be
73 appointed for the unexpired term in the same manner as the vacated member was chosen.

74 (d) Once initial board appointments are made pursuant to Subsection (2)(m),
75 recommendations for filling vacancies for any reason of those five board positions shall be
76 made to the governor from a nominating committee consisting of:

- 77 (i) three individuals selected by the executive committee; and
78 (ii) three members of the board, selected by the board.

79 (e) The board may remove a member appointed under Subsection (2)(m) who does not
80 attend at least 60% of the board's meetings in any calendar year.

81 (4) The governor or the governor's designee and a board member selected by majority
82 vote of the board shall serve as cochair of the board.

83 (5) The board's executive committee shall consist of four board members, as follows:

- 84 (a) the cochair selected by the board in accordance with Subsection (4);
85 (b) the board members described in Subsections (2)(d) and (e); and
86 (c) a board member selected by majority vote of the board.

87 (6) (a) The director of the Office of Rural Development shall serve as staff to the board
88 and to the executive committee.

89 (b) In serving as staff to the board and to the executive committee, the director of the

90 Office of Rural Development shall:

91 (i) perform all necessary administrative functions, including scheduling meetings and
92 preparing agendas;

93 (ii) assist the board in the development and implementation of the board's initiatives
94 and programs; ~~and~~

95 (iii) work with board members to coordinate efforts and focus available resources to
96 perform the board's duties, described in Section [63C-10-103](#)~~[-]~~; and

97 (iv) administer:

98 (A) the Rural Fast Track Program described in Section [63C-10-105](#); and

99 (B) the Business Expansion and Retention Initiative described in Section [63C-10-106](#).

100 (7) The board shall meet at the call of the cochairs, but at least semiannually.

101 (8) A majority of the members of the board constitute a quorum.

102 (9) The action of a majority of a quorum constitutes the action of the board.

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

105 (a) Section [63A-3-106](#);

106 (b) Section [63A-3-107](#); and

107 (c) rules made by the Division of Finance pursuant to Sections [63A-3-106](#) and
108 [63A-3-107](#).

109 Section 2. Section **63C-10-103** is amended to read:

110 **63C-10-103. Duties.**

111 (1) The board shall:

112 (a) serve as an advisory board to:

113 (i) the governor on rural economic and planning issues; and

114 (ii) the Governor's Office of Economic Development on rural economic development
115 issues;

116 (b) prepare an annual strategic plan that:

117 (i) identifies rural economic development, planning, and leadership training challenges,
118 opportunities, priorities, and objectives; and

119 (ii) includes a work plan for accomplishing the objectives referred to in Subsection

120 (1)(b)(i);

121 (c) identify local, regional, and statewide rural economic development and planning
122 priorities;

123 (d) study and take input on issues relating to local, regional, and statewide rural
124 economic development, including challenges, opportunities, best practices, policy, planning,
125 and collaboration;

126 (e) advocate for rural needs, programs, policies, opportunities, and other issues relating
127 to rural economic development and planning;

128 (f) review projects in enterprise zones proposed by nonprofit corporations
129 headquartered in enterprise zones as described in Subsection [63N-2-213.5\(6\)](#); [~~and~~]

130 (g) review applications for cash awards, grants, loans, or other financial assistance
131 under:

132 (i) the Rural Fast Track Program described in Section [63C-10-105](#); and

133 (ii) the Business Expansion and Retention Initiative described in Section [63C-10-106](#);

134 and

135 [~~(g)~~] (h) no later than October 1 of each year, submit to the governor [~~and to~~], the
136 Legislature, and the Economic Development and Workforce Services Interim Committee an
137 annual report, in accordance with Section [68-3-14](#), that provides:

138 (i) an overview of the rural economy in the state;

139 (ii) a summary of current issues and policy matters relating to rural economic
140 development; and

141 (iii) a statement of the board's initiatives, programs, and economic development
142 priorities[;], including:

143 (A) the recipients of cash awards and grants made by the board under Sections
144 [63C-10-105](#) and [63C-10-106](#);

145 (B) the value of the cash awards and grants made by the board under Sections
146 [63C-10-105](#) and [63C-10-106](#) awarded to each recipient; and

147 (C) the impact of the cash awards and grants made by the board under Sections
148 [63C-10-105](#) and [63C-10-106](#) on economic development in the state's rural areas.

149 (2) The board may engage in activities necessary to fulfill the board's duties, including:

150 (a) propose or support rural economic development legislation; and

151 (b) create one or more subcommittees.

152 Section 3. Section **63C-10-104** is enacted to read:

153 **63C-10-104. Rural Economic Development Account -- Creation -- Funding --**

154 **Uses.**

155 (1) There is created a restricted account within the General Fund known as the "Rural
156 Economic Development Account."

157 (2) The Rural Economic Development Account consists of:

158 (a) money appropriated to the account by the Legislature; and

159 (b) donations or grants from public or private entities.

160 (3) The Rural Economic Development Account shall earn interest, which shall be
161 deposited into the Rural Economic Development Account.

162 (4) Subject to appropriations from the Legislature, the board may distribute money
163 from the Rural Economic Development Account for the programs described in Sections
164 63C-10-105 and 63C-10-106.

165 Section 4. Section **63C-10-105**, which is renumbered from Section 63N-3-104 is
166 renumbered and amended to read:

167 ~~[63N-3-104].~~ **63C-10-105. Rural Fast Track Program -- Creation --**
168 **Funding -- Qualifications for program participation -- Awards -- Reports.**

169 (1) [(a)] There is created the Rural Fast Track Program.

170 [(b) The program is a funded component of the economically disadvantaged rural areas
171 designation in Subsection ~~63N-3-103(1)(a):]~~

172 (2) The purpose of the program is to:

173 (a) provide an efficient way for small companies in rural areas of the state to receive
174 incentives for creating high paying jobs in those areas of the state[-]; and

175 ~~[(3)(a) Twenty percent of the unencumbered amount in the Industrial Assistance~~
176 ~~Account created in Subsection ~~63N-3-103(1)~~ at the beginning of each fiscal year shall be used~~
177 ~~to fund the program.]]~~

178 ~~[(b) The 20% referred to in Subsection (3)(a) is not in addition to but is a part of the up~~
179 ~~to 50% designation for economically disadvantaged rural areas referred to in Subsection~~
180 ~~63N-3-103(1)(a):]~~

181 ~~[(c) If any of the 20% allocation referred to in Subsection (3)(a) has not been used in~~
182 ~~the program by the end of the third quarter of each fiscal year, that money may be used for any~~

183 other loan, grant, or assistance program offered through the Industrial Assistance Account
184 during the fiscal year.]

185 (b) use the Business Expansion and Retention Initiative to further promote business
186 and economic development in rural Utah.

187 (3) The total value of cash awards and grants issued by the board under this section for
188 all recipients may not exceed \$2,500,000 in any calendar year.

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

190 (i) shall complete and file with the [~~office~~] director of the Office of Rural Development
191 an application for participation in the program, signed by an officer of the company;

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

194 (iii) [~~which~~] that is located and conducts its business operations in a county of the third
195 class [~~county~~] as described in Section 17-50-501, may not be located and conduct its business
196 operations within a city that has a:

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

198 (B) median household income of more than \$70,000 as reflected in the most recently
199 available data collected and reported by the United States Census Bureau;

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

201 (v) shall have at least two employees.

202 (b) (i) The [~~office~~] director of the Office of Rural Development shall verify an
203 applicant's qualifications under Subsection (4)(a).

204 (ii) The application must be approved by the [~~administrator~~] board in order for a
205 company to receive an incentive or other assistance under this section.

206 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
207 [~~administrator~~] board may make rules governing:

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

209 (ii) who qualifies as an employee under Subsection (4)(a)[~~(iv)~~](v); and

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

211 (5) (a) The [~~administrator~~] board shall make incentive cash awards to small companies
212 under this section based on the following criteria:

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

214 annual wage;

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

217 (iii) \$1,500 for each incremental job that pays over 125% of the county's median
218 annual wage.

219 (b) The ~~[administrator]~~ board shall make a cash award under Subsection (5)(a) when a
220 new incremental job has been in place for at least 12 months.

221 (c) The creation of a new incremental job by a company is based on the number of
222 employees at the company during the previous 24 months.

223 (d) ~~[(f)]~~ A small company may also apply for grants, loans, or other financial assistance
224 under the program to help develop its business in rural Utah and may receive up to \$50,000
225 under the program if approved by the ~~[administrator]~~ board.

226 ~~[(ii) The board must approve a distribution that exceeds the \$50,000 cap under
227 Subsection (5)(d)(i).]~~

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

232 Section 5. Section 63C-10-106 is enacted to read:

233 **63C-10-106. Business Expansion and Retention Initiative -- Creation -- Funding --**
234 **Qualifications for program participation -- Awards -- Reports.**

235 (1) As used in this section:

236 (a) "Business Resource Centers" means the same as that term is defined in Section
237 63N-3-303.

238 (b) "Rural Economic Development Entity" means a public, nonprofit, or private
239 organization primarily engaged in economic development efforts in a rural area of the state, and
240 may include:

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

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

244 (iii) Business Resource Centers; or

245 (iv) Small Business Development Centers, established under the United States Small
246 Business Administration's Small Business Development Center program.

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

248 (3) The purpose of the initiative is to assist new and existing rural businesses, influence
249 rural job creation, and diversify Utah's rural economies by enhancing the level of technical
250 services provided.

251 (4) The total value of grants issued by the board under this section for all recipients
252 may not exceed \$450,000 in any calendar year.

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

254 (i) shall complete and file with the director of the Office of Rural Development an
255 application for participation in the program;

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

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

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

262 (B) median household income of more than \$70,000 as reflected in the most recently
263 available data collected and reported by the United States Census Bureau.

264 (b) (i) The director of the Office of Rural Development shall verify an applicant's
265 qualifications under Subsection (5)(a).

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

268 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
269 board may make rules governing:

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

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

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

274 (7) A rural economic development entity shall use a grant awarded under this section
275 to:

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

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

280 Section 6. Section **63N-3-103** is amended to read:

281 **63N-3-103. Industrial Assistance Account created -- Uses -- Administrator duties**
282 **-- Costs.**

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

285 (a) up to 50% may be used in economically disadvantaged rural areas; and

286 (b) up to 25% may be used to take timely advantage of economic opportunities as they
287 arise[; ~~and~~].

288 [~~(c) up to 4% may be used to promote business and economic development in rural~~
289 ~~areas of the state with the Business Expansion and Retention Initiative.]~~

290 (2) The administrator shall administer[; ~~(a)~~] the restricted account created under
291 Subsection (1)[; ~~and~~].

292 [~~(b) the Business Expansion and Retention Initiative for the rural areas of the state.]~~

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

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

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

Legislative Review Note
Office of Legislative Research and General Counsel