

BUSINESS EXPANSION AND RETENTION AMENDMENTS

2021 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Christine F. Watkins

Senate Sponsor: _____

LONG TITLE

General Description:

This bill reinstates certain economic development programs administered by the Governor's Office of Economic Development.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ reenacts and modifies the Business Expansion and Retention Initiative program administered by the Governor's Office of Economic Development;
- ▶ requires the Governor's Rural Partnership Board to review applications for the Business Expansion and Retention Initiative program;
- ▶ removes provisions prohibiting a municipality or county that meets certain criteria from reapplying to the Governor's Office of Economic Development for an enterprise zone designation;
- ▶ modifies the criteria a municipality or county is required to meet to be designated as an enterprise zone; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **63C-10-103**, as last amended by Laws of Utah 2020, Chapter 360

31 **63N-2-204**, as last amended by Laws of Utah 2020, Chapter 360

32 **63N-2-208**, as last amended by Laws of Utah 2020, Chapter 360

33 ENACTS:

34 **63N-3-104.6**, Utah Code Annotated 1953

35

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

37 Section 1. Section **63C-10-103** is amended to read:

38 **63C-10-103. Duties.**

39 (1) The board shall:

40 (a) serve as an advisory board to:

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

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

44 (b) prepare an annual strategic plan that:

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

47 (ii) includes a work plan for accomplishing the objectives referred to in Subsection
48 (1)(b)(i);

49 (c) identify local, regional, and statewide rural economic development and planning
50 priorities;

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

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

56 (f) oversee the Rural County Grant Program created in Section **17-54-103**; [and]

57 (g) review applications for cash awards, grants, loans, or other financial assistance
58 under the Business Expansion and Retention Initiative described in Section **63N-3-104.6**; and

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

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

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

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

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

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

69 (b) create one or more subcommittees.

70 Section 2. Section ~~63N-2-204~~ is amended to read:

71 **63N-2-204. Criteria for designation of enterprise zones -- Application.**

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

75 (a) verifies that the county:

76 (i) has a population of not more than 70,000; and

77 (ii) has an economy that is reliant on one industry; and

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

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

81 (a) verifies that the municipality:

82 (i) has a population that does not exceed 20,000;

83 ~~(b)~~ (ii) [verifies that the municipality] is within a county that has a population of not
84 more than 70,000; and

85 (iii) has an economy that is reliant on one industry; and

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

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

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

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

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

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

96 (iii) any commitments obtained from businesses;

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

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

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

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

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

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

109 [~~(4) On or after January 1, 2021, no new enterprise zones shall be designated.~~]

110 Section 3. Section 63N-2-208 is amended to read:

111 **63N-2-208. Duration of designation.**

112 (1) ~~[Each]~~ An enterprise zone designated under this part has a duration of five years.

113 (2) A county or municipality may reapply for designation as an enterprise zone after the
114 day on which the five-year period described in Subsection (1) ends.

115 [~~(2) On or after January 1, 2021, neither a municipality nor a county may reapply for an~~
116 ~~enterprise zone designation for an enterprise zone that has reached the end of the enterprise~~
117 ~~zone's five-year duration.~~]

118 Section 4. Section 63N-3-104.6 is enacted to read:

119 **63N-3-104.6. Business Expansion and Retention Initiative -- Creation -- Funding**
120 **-- Qualifications for program participation -- Awards -- Reports.**

121 (1) As used in this section:

122 (a) "Business resource centers" means the same as that term is defined in Section
123 63N-3-303.

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

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

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

130 (iii) business resource centers; or

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

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

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

136 (3) In awarding a grant under this section, the administrator shall:

137 (a) consider whether the grant will:

138 (i) assist new and existing rural businesses;

139 (ii) influence rural job creation; and

140 (iii) diversify Utah's rural economies; and

141 (b) request and consider a recommendation from the Governor's Rural Partnership
142 Board created in Section 63C-10-102 regarding an applicant seeking financial assistance under
143 this section.

144 (4) (a) Subject to available funds in the restricted account, at least \$350,000 from the
145 restricted account shall be used to fund the program at the beginning of each fiscal year.

146 (b) The amount referred to in Subsection (4)(a) is part of the up to 50% designation for
147 economically disadvantaged rural areas referred to in Subsection 63N-3-103(1)(a).

148 (c) If any of the funding referred to in Subsection (4)(a) is not used in the program by
149 the end of the third quarter of each fiscal year, that money may be used for any other loan,
150 grant, or assistance program offered through the restricted account during the fiscal year.

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

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

154 (ii) shall be located and conduct the entity's operations in a county in the state of the
155 third, fourth, fifth, or sixth class as described in Section 17-50-501 that has an economy that is
156 reliant on one industry; and

157 (iii) if the entity is located and conducts the entity's operations in a county of the third
158 class as described in Section 17-50-501, may not be located and conduct the entity's operations
159 within a city that has a:

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

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

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

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

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

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

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

170 (6) A rural economic development entity shall use a grant awarded under this section
171 to:

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

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

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