

1                   **REPEAL OF BUSINESS DEVELOPMENT FOR**  
2                   **DISADVANTAGED RURAL COMMUNITIES ACCOUNT**

3                                   2014 GENERAL SESSION

4                                   STATE OF UTAH

5                                   **Chief Sponsor: Lyle W. Hillyard**

6                                   House Sponsor: Melvin R. Brown

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8                   **LONG TITLE**

9                   **General Description:**

10                   This bill modifies the Business Development for Disadvantaged Rural Communities  
11                   Act by repealing the Business Development for Disadvantaged Rural Communities  
12                   Restricted Account.

13                   **Highlighted Provisions:**

14                   This bill:

- 15                   ▶ repeals the Business Development for Disadvantaged Rural Communities Restricted  
16                   Account in the General Fund;
- 17                   ▶ provides for the transfer of any remaining account balance to the General Fund; and
- 18                   ▶ makes technical changes.

19                   **Money Appropriated in this Bill:**

20                   None

21                   **Other Special Clauses:**

22                   None

23                   **Utah Code Sections Affected:**

24                   AMENDS:

25                   **63B-1b-202**, as last amended by Laws of Utah 2013, Chapter 227

26                   **63M-1-2002**, as renumbered and amended by Laws of Utah 2008, Chapter 382

27                   **63M-1-2004**, as renumbered and amended by Laws of Utah 2008, Chapter 382

28                   REPEALS:

29                   **63M-1-2003**, as last amended by Laws of Utah 2011, Chapter 303

30 **Uncodified Material Affected:**

31 ENACTS UNCODIFIED MATERIAL



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

34 Section 1. Section **63B-1b-202** is amended to read:

35 **63B-1b-202. Custodial officer -- Powers and duties.**

36 (1) (a) There is created within the Division of Finance an officer responsible for the  
37 care, custody, safekeeping, collection, and accounting of all bonds, notes, contracts, trust  
38 documents, and other evidences of indebtedness:

- 39 (i) owned or administered by the state or any of its agencies; and
- 40 (ii) except as provided in Subsection (1)(b), relating to revolving loan funds.

41 (b) Notwithstanding Subsection (1)(a), the officer described in Subsection (1)(a) is not  
42 responsible for the care, custody, safekeeping, collection, and accounting of a bond, note,  
43 contract, trust document, or other evidence of indebtedness relating to the:

- 44 (i) Agriculture Resource Development Fund, created in Section [4-18-106](#);
- 45 (ii) Utah Rural Rehabilitation Fund, created in Section [4-19-4](#);
- 46 (iii) Petroleum Storage Tank Loan Fund, created in Section [19-6-405.3](#);
- 47 (iv) Olene Walker Housing Loan Fund, created in Section [35A-8-502](#); and
- 48 [~~(v) Business Development for Disadvantaged Rural Communities Restricted Account,~~
- 49 ~~created in Section [63M-1-2003](#); and]~~
- 50 [(~~vi~~) (v) Brownfields Fund, created in Section [19-8-120](#).

51 (2) (a) Each authorizing agency shall deliver to this officer for the officer's care,  
52 custody, safekeeping, collection, and accounting all bonds, notes, contracts, trust documents,  
53 and other evidences of indebtedness:

- 54 (i) owned or administered by the state or any of its agencies; and
- 55 (ii) except as provided in Subsection (1)(b), relating to revolving loan funds.

56 (b) This officer shall:

- 57 (i) establish systems, programs, and facilities for the care, custody, safekeeping,

58 collection, and accounting for the bonds, notes, contracts, trust documents, and other evidences  
59 of indebtedness submitted to the officer under this Subsection (2); and

60 (ii) shall make available updated reports to each authorizing agency as to the status of  
61 loans under their authority.

62 (3) The officer described in Section 63B-1b-201 shall deliver to the officer described in  
63 Subsection (1)(a) for the care, custody, safekeeping, collection, and accounting by the officer  
64 described in Subsection (1)(a) of all bonds, notes, contracts, trust documents, and other  
65 evidences of indebtedness closed as provided in Subsection 63B-1b-201(2)(b).

66 Section 2. Section 63M-1-2002 is amended to read:

67 **63M-1-2002. Definitions.**

68 As used in this part:

69 (1) "Board" means the Board of Business and Economic Development created by  
70 Section 63M-1-301.

71 (2) "Business incubator expense" means an expense relating to funding a program that  
72 is:

73 (a) designed to provide business support services and resources to one or more  
74 business entities within a project area during the business entities' early stages of development;  
75 and

76 (b) determined to be a business incubator by the board.

77 (3) "Business rehabilitation expense" means an expense relating to the renovation or  
78 rehabilitation of an existing building within a project area as determined by the board.

79 (4) "Debt service" means the payment of debt service on a bond issued to pay a:

80 (a) business rehabilitation expense relating to a project; or

81 (b) public infrastructure expense relating to a project.

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

83 (6) "Eligible expense" means an expense:

84 (a) incurred by an eligible county;

85 (b) relating to a project; and

- 86 (c) that is:
- 87 (i) a business incubator expense;
- 88 (ii) debt service; or
- 89 (iii) a public infrastructure expense.
- 90 (7) "Project" means an economic development project:
- 91 (a) as determined by the board; and
- 92 (b) for which an eligible county applies to the board in accordance with this part for a
- 93 loan or grant to assist the eligible county in paying an eligible expense.
- 94 (8) "Project area" means the geographic area within which a project is implemented by
- 95 an eligible county.
- 96 (9) "Public infrastructure expense" means an expense relating to a publicly owned
- 97 improvement located within a project area if:
- 98 (a) the expense is:
- 99 (i) incurred for:
- 100 (A) construction;
- 101 (B) demolition;
- 102 (C) design;
- 103 (D) engineering;
- 104 (E) an environmental impact study;
- 105 (F) environmental remediation; or
- 106 (G) rehabilitation; or
- 107 (ii) similar to an expense described in Subsection (9)(a)(i) as determined by the board;
- 108 and
- 109 (b) the publicly owned improvement is:
- 110 (i) not a building as determined by the board; and
- 111 (ii) necessary to support a project as determined by the board.
- 112 (10) "Publicly owned improvement" means an improvement to real property if:
- 113 (a) the real property is owned by:

- 114 (i) the United States;
- 115 (ii) the state; or
- 116 (iii) a political subdivision:
- 117 (A) as defined in Section 17B-1-102; and
- 118 (B) of the state; and
- 119 (b) the improvement relates to:
- 120 (i) a sewage system including a system for collection, transport, storage, treatment,
- 121 dispersal, effluent use, or discharge;
- 122 (ii) a drainage or flood control system, including a system for collection, transport,
- 123 diversion, storage, detention, retention, dispersal, use, or discharge;
- 124 (iii) a water system including a system for production, collection, storage, treatment,
- 125 transport, delivery, connection, or dispersal;
- 126 (iv) a highway, street, or road system for vehicular use for travel, ingress, or egress;
- 127 (v) a rail transportation system;
- 128 (vi) a system for pedestrian use for travel, ingress, or egress;
- 129 (vii) a public utility system including a system for electricity, gas, or
- 130 telecommunications; or
- 131 (viii) a system or device that is similar to a system or device described in Subsections
- 132 (10)(b)(i) through (vii) as determined by the board.

133 [~~(11) "Restricted account" means the Business Development for Disadvantaged Rural~~  
 134 ~~Communities Restricted Account created by Section 63M-1-2003.]~~

135 Section 3. Section 63M-1-2004 is amended to read:

136 **63M-1-2004. Board authority to award a grant or loan to an eligible county --**  
 137 **Interest on a loan -- Eligible county proposal process -- Process for awarding a grant or**  
 138 **loan.**

139 (1) (a) Subject to the provisions of, and funds made available for, this section,  
 140 beginning on July 1, 2005, through June 30, 2015, the board may make an award to an eligible  
 141 county[~~:(i)~~] of one or more [~~of the following to~~] grants or loans to assist in paying an eligible

142 expense relating to a project[.];

143 [~~(A) a grant; or~~]

144 [~~(B) a loan; and~~]

145 [~~(ii) from amounts or interest deposited into the restricted account in accordance with~~  
146 ~~Section 63M-1-2003 to the extent that there is a balance in the restricted account sufficient to~~  
147 ~~cover the amount of the award.]~~

148 (b) The total amount of grants and loans that the board may award in accordance with  
149 this section relating to one project is \$75,000.

150 (c) If the board awards a loan to an eligible county in accordance with this section, the  
151 loan shall be subject to interest as provided by the procedures and methods referred to in  
152 Subsection (6).

153 (2) (a) Before the board may award an eligible county a grant or loan in accordance  
154 with this section, the eligible county shall submit a written proposal to the board in accordance  
155 with Subsection (2)(b).

156 (b) The proposal described in Subsection (2)(a) shall:

157 (i) describe the project area;

158 (ii) describe the characteristics of the project including a description of how the project  
159 will be implemented;

160 (iii) provide an economic development plan for the project including a description of  
161 any eligible expenses that will be incurred as part of implementing the project;

162 (iv) describe the characteristics of the community within which the project area is  
163 located;

164 (v) establish that the community within which the project area is located is a  
165 disadvantaged community on the basis of one or more of the following factors:

166 (A) median income per capita within the community;

167 (B) median property tax revenues generated within the community;

168 (C) median sales and use tax revenues generated within the community; or

169 (D) unemployment rates within the community;

170 (vi) demonstrate that there is a need for the project in the community within which the  
171 project area is located;

172 (vii) describe the short-term and long-term benefits of the project to the community  
173 within which the project area is located;

174 (viii) demonstrate that there is a need for assistance in paying eligible expenses relating  
175 to the project;

176 (ix) indicate the amount of any revenues that will be pledged to match any funds the  
177 board may award as a loan or grant under this section; and

178 (x) indicate whether there is support for the implementation of the project from:

179 (A) the community within which the project area is located; and

180 (B) any cities or towns within which the project area is located.

181 (3) At the request of the board, representatives from an eligible county shall appear  
182 before the board to:

183 (a) present a proposal submitted to the board in accordance with Subsection (2)(b); and

184 (b) respond to any questions or issues raised by the board relating to eligibility to  
185 receive a grant or loan under this section.

186 (4) The board shall:

187 (a) consider a proposal submitted to the board in accordance with Subsection (2);

188 (b) make written findings as to whether the proposal described in Subsection (4)(a)  
189 meets the requirements of Subsection (2)(b);

190 (c) make written findings as to whether to award the eligible county that submitted the  
191 proposal described in Subsection (4)(a) one or more grants or loans:

192 (i) on the basis of the factors established in Subsection (5);

193 (ii) in consultation with the director; and

194 (iii) in accordance with the procedures established for prioritizing which projects may  
195 be awarded a grant or loan by the board under this section;

196 (d) if the board determines to award an eligible county a grant or loan in accordance  
197 with this section, make written findings in consultation with the director specifying the:

- 198 (i) amount of the grant or loan;
- 199 (ii) time period for distributing the grant or loan;
- 200 (iii) terms and conditions that the eligible county shall meet to receive the grant or
- 201 loan;
- 202 (iv) structure of the grant or loan; and
- 203 (v) eligible expenses for which the eligible county may expend the grant or loan;
- 204 (e) if the board determines to award an eligible county a loan in accordance with this
- 205 section, make written findings stating:
  - 206 (i) the method of calculating interest applicable to the loan; and
  - 207 (ii) procedures for:
    - 208 (A) applying interest to the loan; and
    - 209 (B) paying interest on the loan; and
  - 210 (f) provide the written findings required by Subsections (4)(b) through (e) to the
  - 211 eligible county.

212 (5) For purposes of Subsection (4)(c), the board shall consider the following factors in

213 determining whether to award an eligible county one or more grants or loans authorized by this

214 part:

- 215 (a) whether the project is likely to result in economic development in the community
- 216 within which the project area is located;
- 217 (b) whether the community within which the project area is located is a disadvantaged
- 218 community on the basis of one or more of the following factors:
  - 219 (i) median income per capita within the community;
  - 220 (ii) median property tax revenues generated within the community;
  - 221 (iii) median sales and use tax revenues generated within the community; or
  - 222 (iv) unemployment rates within the community;
- 223 (c) whether there is a need for the project in the community within which the project
- 224 area is located;
- 225 (d) whether the project is likely to produce short-term and long-term benefits to the



226 community within which the project area is located;

227 (e) whether the project would be successfully implemented without the board awarding  
228 a grant or a loan to the eligible county;

229 (f) whether any revenues will be pledged to match any funds the board may award as a  
230 grant or loan under this section;

231 (g) whether there is support for the implementation of the project from:

232 (i) the community within which the project area is located; and

233 (ii) any cities or towns within which the project area is located; and

234 (h) any other factor as determined by the board.

235 (6) The office shall establish procedures:

236 (a) for prioritizing which projects may be awarded a grant or loan by the board under  
237 this section; and

238 (b) for loans awarded in accordance with this section:

239 (i) the methods of calculating interest applicable to the loans; and

240 (ii) procedures for:

241 (A) applying interest to the loans; and

242 (B) paying interest on the loans.

243 **Section 4. Repealer.**

244 This bill repeals:

245 Section **63M-1-2003, Creation of Business Development for Disadvantaged Rural**  
246 **Communities Restricted Account -- Interest -- Costs of administering the restricted**  
247 **account -- Deposit of certain money and interest into the General Fund.**

248 **Section 5. Restricted Fund and Account Transfers.**

249 The Legislature authorizes the State Division of Finance to transfer any remaining  
250 balance in the General Fund Restricted - Business Development for Disadvantaged Rural  
251 Communities Restricted Account to the General Fund on June 30, 2014.