

1 **SMALL BUSINESS TECHNOLOGY STATE MATCH**

2 **AMENDMENTS**

3 2020 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Daniel Hemmert**

6 House Sponsor: _____

7

LONG TITLE

8 **General Description:**

9 This bill modifies provisions related to the uses of the Industrial Assistance Account.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ authorizes the administrator of the Industrial Assistance Account to issue
- 13 supplemental or matching loans to an entity that receives funding through the
- 14 federal Small Business Innovation Research and the Small Business Technology
- 15 Transfer programs;
- 16 ▶ grants rulemaking authority to the Governor's Office of Economic Development to
- 17 administer the loan program; 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 **63N-3-105**, as last amended by Laws of Utah 2019, Chapter 325

26 ENACTS:

27



28 [63N-3-112](#), Utah Code Annotated 1953

29

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

31 Section 1. Section **63N-3-105** is amended to read:

32 **63N-3-105. Qualification for assistance.**

33 (1) Except as provided in Section [63N-3-108](#), [63N-3-109](#), [~~or~~] [63N-3-109.5](#), or
34 [63N-3-112](#), the administrator shall determine which industries, companies, and individuals
35 qualify to receive money from the Industrial Assistance Account. Except as provided by
36 Subsection (2), to qualify for financial assistance from the restricted account, an applicant
37 shall:

38 (a) demonstrate to the satisfaction of the administrator that the applicant will expend
39 funds in Utah with employees, vendors, subcontractors, or other businesses in an amount
40 proportional with money provided from the restricted account at a minimum ratio of 2 to 1 per
41 year or other more stringent requirements as established from time to time by the board for a
42 minimum period of five years beginning with the date the loan or grant was approved;

43 (b) demonstrate to the satisfaction of the administrator the applicant's ability to sustain
44 economic activity in the state sufficient to repay, by means of cash or appropriate credits, the
45 loan provided by the restricted account; and

46 (c) satisfy other criteria the administrator considers appropriate.

47 (2) (a) The administrator may exempt an applicant from the requirements of Subsection
48 (1)(a) or (b) if:

49 (i) the financial assistance is provided to an applicant for the purpose of locating all or
50 any portion of its operations to an economically disadvantaged rural area;

51 (ii) the applicant is part of a targeted industry;

52 (iii) the applicant is a quasi-public corporation organized under Title 16, Chapter 6a,
53 Utah Revised Nonprofit Corporation Act, or Title 63E, Chapter 2, Independent Corporations
54 Act, and its operations, as demonstrated to the satisfaction of the administrator, will provide
55 significant economic stimulus to the growth of commerce and industry in the state; or

56 (iv) the applicant is an entity offering an economic opportunity under Section
57 [63N-3-109](#).

58 (b) The administrator may not exempt the applicant from the requirement under

59 Subsection 63N-3-106(2)(b) that the loan be structured so that the repayment or return to the
60 state equals at least the amount of the assistance together with an annual interest charge.

61 (3) The administrator shall:

62 (a) for applicants not described in Subsection (2)(a):

63 (i) make findings as to whether or not each applicant has satisfied each of the
64 conditions set forth in Subsection (1); and

65 (ii) monitor the continued compliance by each applicant with each of the conditions set
66 forth in Subsection (1) for five years;

67 (b) for applicants described in Subsection (2)(a), make findings as to whether the
68 economic activities of each applicant has resulted in the creation of new jobs on a per capita
69 basis in the economically disadvantaged rural area or targeted industry in which the applicant is
70 located;

71 (c) monitor the compliance by each applicant with the provisions of any contract or
72 agreement entered into between the applicant and the state as provided in Section 63N-3-107;
73 and

74 (d) make funding decisions based upon appropriate findings and compliance.

75 Section 2. Section 63N-3-112 is enacted to read:

76 **63N-3-112. Small business research loans.**

77 (1) Subject to the duties and powers of the board under Section 63N-1-402, the
78 administrator may issue a loan from the Industrial Assistance Account to an entity based in the
79 state to supplement or match a phase 1 or phase 2 award from the federal Small Business
80 Innovation Research program or the federal Small Business Technology Transfer program.

81 (2) The administrator may coordinate the administration and prioritization of loans
82 under this section with the Utah SBIR Center.

83 (3) The office shall make rules in accordance with Title 63G, Chapter 3, Utah
84 Administrative Rulemaking Act, establishing:

85 (a) the application process for being issued a loan under this section;

86 (b) the reporting requirements and post-performance requirements for an entity that is
87 issued a loan under this section;

88 (c) a process for prioritizing which entities should be issued loans under this section;

89 and

90 (d) repayment requirements and other requirements for a loan issued under this section.

91 (4) A loan issued under this section to an entity may not be for an amount greater than
92 the award received by the entity from the federal Small Business Innovation Research program
93 or the federal Small Business Technology Transfer program.

94 (5) As part of the office's annual written report described in Section [63N-1-301](#), the
95 office shall report on each entity receiving a loan under this section and the economic impact of
96 activities supported through each loan.