

INDUSTRIAL ASSISTANCE ACCOUNT AMENDMENTS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ronda Rudd Menlove

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Governor's Office of Economic Development chapter by amending Industrial Assistance Fund provisions.

Highlighted Provisions:

This bill:

- ▶ moves the funding and administration of the Business Expansion and Retention Initiative from the Rural Fast Track Program to the Industrial Assistance Account administered by the director of the Governor's Office of Economic Development;
- ▶ modifies the allocation of money in the Industrial Assistance Account;
- ▶ provides that up to 4% of the Industrial Assistance Account may be used to promote business and economic development in rural Utah with the Business Expansion and Retention Initiative; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2012.

Utah Code Sections Affected:

AMENDS:

63M-1-903, as last amended by Laws of Utah 2010, Chapters 245 and 278



28 **63M-1-904**, as last amended by Laws of Utah 2011, Chapter 191



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

31 Section 1. Section **63M-1-903** is amended to read:

32 **63M-1-903. Industrial Assistance Account created -- Uses -- Administrator duties**
33 **-- Costs.**

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

36 (a) up to 50% ~~[shall]~~ may be used in economically disadvantaged rural areas; ~~[and]~~

37 (b) up to 25% may be used to take timely advantage of economic opportunities as they
38 arise[-]; and

39 (c) up to 4% may be used to promote business and economic development in rural
40 areas of the state with the Business Expansion and Retention Initiative.

41 (2) The administrator shall administer:

42 (a) the restricted account ~~[shall be administered by the administrator]~~ created under
43 Subsection (1), under the policy direction of the board[-]; and

44 (b) the Business Expansion and Retention Initiative for the rural areas of the state.

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

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

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

51 Section 2. Section **63M-1-904** is amended to read:

52 **63M-1-904. Rural Fast Track Program -- Creation -- Funding -- Qualifications**
53 **for program participation -- Awards -- Reports.**

54 (1) (a) There is created the Rural Fast Track Program~~[- hereafter referred to in this~~
55 ~~section as "the program."].~~

56 (b) The program is a funded component of the economically disadvantaged rural areas
57 designation in Subsection 63M-1-903(1)(a).

58 (2) ~~[(a)]~~ The purpose of the program is to~~[-(a)]~~ provide an efficient way for small

59 companies in rural [~~Utah~~] areas of the state to receive incentives for creating high paying jobs
60 in [~~the rural~~] those areas [~~of the state; and~~].

61 [~~(ii) use the Business Expansion and Retention Initiative to further promote business~~
62 ~~and economic development in rural Utah.~~]

63 [~~(b) The Office of Rural Development shall administer the Business Expansion and~~
64 ~~Retention Initiative for the rural areas of the state.~~]

65 (3) (a) Twenty percent of the [~~money~~] unencumbered amount in the Industrial
66 Assistance Account created in Subsection 63M-1-903(1) at the beginning of each fiscal year
67 shall be used to fund the program.

68 (b) The 20% referred to in Subsection (3)(a) is not in addition to but is a part of the up
69 to 50% designation for economically disadvantaged rural areas referred to in Subsection
70 63M-1-903(1)(a).

71 (c) If any of the 20% allocation referred to in Subsection (3)(a) has not been used in the
72 program by the end of the third quarter of each fiscal year, that money may be used for any
73 other loan, grant, or assistance program offered through the Industrial Assistance Account
74 during the fiscal year.

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

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

78 (ii) be located and conduct its business operations in a county in the state that has:

79 (A) a population of less than 30,000; and

80 (B) an average household income of less than \$60,000 as reflected in the most recently
81 available data collected and reported by the United States Census Bureau;

82 (iii) have been in business in the state for at least two years; and

83 (iv) have at least two employees.

84 (b) (i) [~~Office staff~~] The office shall verify an applicant's qualifications under
85 Subsection (4)(a).

86 (ii) The application must be approved by the administrator in order for a company to
87 receive an incentive or other assistance under this section.

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

- 90 (i) the content of the application form referred to in Subsection (4)(a)(i);
- 91 (ii) who qualifies as an employee under Subsection (4)(a)(iv); and
- 92 (iii) the verification procedure referred to in Subsection (4)(b).
- 93 (5) (a) The administrator shall make incentive cash awards to small companies under
- 94 this section based on the following criteria:
- 95 (i) \$1,000 for each new incremental job that pays over 110% of the county's average
- 96 annual wage;
- 97 (ii) \$1,250 for each incremental job that pays over 115% of the county's average annual
- 98 wage; and
- 99 (iii) \$1,500 for each incremental job that pays over 125% of the county's average
- 100 annual wage.
- 101 (b) The administrator shall make a cash award under Subsection (5)(a) when a new
- 102 incremental job has been in place for at least 12 months.
- 103 (c) The creation of a new incremental job by a company is based on the number of
- 104 employees at the company during the previous 24 months.
- 105 (d) (i) A small company may also apply for grants, loans, or other financial assistance
- 106 under the program to help develop its business in rural Utah and may receive up to \$50,000
- 107 under the program if approved by the administrator.
- 108 (ii) The board must approve a distribution that exceeds the \$50,000 cap under
- 109 Subsection (5)(d)(i).
- 110 (6) The administrator shall make a quarterly report to the board of the awards made by
- 111 the administrator under this section and an annual report to the Legislative Workforce Services
- 112 and Community and Economic Development Interim Committee as to the awards and their
- 113 impact on economic development in the state's rural areas.
- 114 **Section 3. Effective date.**
- 115 This bill takes effect on July 1, 2012.

Legislative Review Note
as of 1-31-12 1:48 PM

Office of Legislative Research and General Counsel