

1                   **INDUSTRIAL ASSISTANCE ACCOUNT AMENDMENTS**

2                                   2012 GENERAL SESSION

3                                   STATE OF UTAH

4                           **Chief Sponsor: Ronda Rudd Menlove**

5                                   Senate Sponsor: Ralph Okerlund

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7   **LONG TITLE**

8   **General Description:**

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

11 **Highlighted Provisions:**

12       This bill:

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

21 **Money Appropriated in this Bill:**

22       None

23 **Other Special Clauses:**

24       This bill takes effect on July 1, 2012.

25 **Utah Code Sections Affected:**

26 AMENDS:

27       **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

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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~~[(t)]~~ 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.