

Midway City Council
15 December 2020
Regular Meeting

Resolution 2020-39 /
Enterprise Zones

Changes to the Enterprise Zone Tax Credit Program

Deadline for Enterprise Zone Designation!

Under this program, qualifying businesses locating to, or expanding in designated Enterprise Zones may claim State of Utah tax credits for job creation and capital investments. In the recent legislative session, SB95, which was voted into [law](#), altered some of the state tax incentives associated with the Enterprise Zone Tax Credit. The altered law also states, “On or after January 1, 2021, no new enterprise zones shall be designated.” This means no applications for a 5-year term of zone designation will be accepted or reviewed for approval after December 31, 2020!

If your zone designation has expired—or even if you recently renewed it but would like to extend it to the latest possible date—you must do so prior to the end of the year!

Enterprise Zone designation requires:

1. A new [application](#)
2. Required documentation, including:
 - a. Resolution from the governing body of the applying city or county
 - b. Minutes from the meeting wherein the resolution was approved
 - c. A copy of the county or municipal Economic Development Plan
 - d. A PDF version of the map of the area designated by the governing body
 - e. Shape Files of the map of designated Enterprise Zone area

We encourage the review of your current Enterprise Zone status and invite rural municipalities and counties to apply for the Enterprise Zone designation for the benefit of qualifying businesses creating new jobs and making capital investments. Inasmuch as resolutions and minutes require public hearings, and that economic development plans, maps, and shape files require time to compile, the GOED Office of Rural Development suggests your urgency in addressing the zone designation so as to not miss the deadline and opportunity.

If you have questions please reach out to goedruralprograms@utah.gov.



ENTERPRISE ZONE TAX CREDIT

business.utah.gov/rural

The Utah Enterprise Zone Tax Credit program promotes economic development and business growth in Utah's rural areas. Under this program, qualifying businesses locating to or expanding in designated Enterprise Zones may claim state of Utah tax credits.

Enterprise Zone Designation

An Enterprise Zone designation is based on the need for development and other economic distress factors. A zone designation is an area identified by local elected officials.

The following entities are eligible to apply:

- A municipality that has a population that does not exceed 20,000 within a county that has a population of not more than 70,000.
- A county that has a population of not more than 70,000.
- An Indian tribe within an Indian reservation.

Note: No new Enterprise Zone Designations will be granted after December 31, 2020.

What Are the Tax Credits?

There are two types of tax credits available to qualifying businesses under the Enterprise Zone. They are the Job Creation Tax Credit and the Capital Investment Tax Credit.

Job Creation Tax Credit

- A \$750 tax credit for each new full-time position created within the Enterprise Zone.
- An additional \$500 tax credit if the new position pays at least 125% of the county average monthly non-agricultural payroll wage.
- An additional \$750 tax credit if the new full-time employee position created within the enterprise zone in a business entity that adds value to agricultural commodities through manufacturing or processing;
- An additional \$200 tax credit may be claimed for two consecutive years for each new full-time employee position created within the enterprise zone that is filled by an employee who is insured under employer-sponsored health insurance, and the employer pays at least 50% of the premium cost for the year for which the credit is claimed.

ENTERPRISE ZONE TAX CREDIT

Capital Investment Tax Credit

- A tax credit of 25% of the first \$200,000 spent on rehabilitating a building in the enterprise zone that has been vacant for two years or more, including that the building has had or contained no occupants, tenants, furniture, or personal property for two years or more, in the time period immediately before the rehabilitation; and
- An annual investment tax credit may be claimed in an amount equal to 5% of the first \$750,000 qualifying investment in plant, equipment, or other depreciable property.

Additional Information

- Tax credits are available to eligible businesses in designated enterprise zones from the beginning of the tax year in which a zone is designated.
- Under the Job Creation Tax Credit, a business may claim up to 30 full-time positions per tax year.
- The full amount of a tax credit may be carried over for three years.
- Businesses closing operations in one rural area and locating in another rural area may not claim tax credits under this program.
- Construction jobs are not eligible for Job Creation Tax Credits.
- Retail businesses (NAICS 44 and 45) and public utilities are not eligible to claim either the Job Creation or Capital Investment Tax Credits.

The Enterprise Zone Act is located in Utah Code 63N-2-201 through 215. For more questions regarding this program, please contact goedruralprograms@utah.gov.

Please visit locate.utah.gov to see maps of current Enterprise Zones designations.

Revised 10/2020



RESOLUTION 2020-39

RESOLUTION AUTHORIZING APPLICATION FOR THE RENEWAL OF THE STATE-SPONSORED ENTERPRISE ZONE

WHEREAS, Midway City, Wasatch County, Utah desires to encourage and promote the creation of jobs and sustainable wages within the City; and

WHEREAS, The State of Utah, by and through the Governor's Office of Economic Development empowers and authorizes rural counties to create an enterprise zone; and

WHEREAS, Said Zones are established to encourage community investment in the industrial and commercial districts of cities to stimulate and strengthen economic development, individual job growth and competitive wages; and

WHEREAS, Midway City deems such involvement as an investment in its future and important to the continued growth, wellbeing, and economic strength of the City, and as an integral component to create employment and living wage opportunities in the City,

NOW, THEREFORE, it is hereby resolved by the City Council of Midway City, Utah, that Midway City intends to seek approval from the Governor's Office of Economic Development for the renewal of said enterprise zone by adopting by resolution said application, and hereby approves the same, as attached as Exhibit A.

PASSED AND ADOPTED by the Midway City Council on the day of 2020.

MIDWAY CITY

Celeste Johnson, Mayor

ATTEST:

Brad Wilson, Recorder

(SEAL)

DRAFT

Exhibit A

DRAFT

