

Utah Site Selection Quarterly

A PUBLICATION OF THE ECONOMIC DEVELOPMENT CORPORATION OF UTAH



Utah continues to build momentum out of the national recessionary trends. EDCUtah has “won” over 20 projects this fiscal year, ended June 30, 2010. Utah secured two large financial sector projects with Goldman Sachs taking a large office space in Downtown Salt Lake City and Royal Bank of Scotland (RBS Securities Inc.) deciding on a location in Salt Lake County. Utah also continues strong in medical devices, manufacturing and composites.

This issue of Utah Site Selection Quarterly highlights one of the big reasons why Utah is a top choice for companies. The laws we have on the books and the ones that continue to be framed by our legislature make doing business in Utah profitable and business friendly. I invite you to read this issue and learn about the latest legislation effecting economic development in Utah including: energy, property taxes, workforce services, health care and education.

Also included is another round of prominent rankings received by the state, along with national news clippings highlighting Utah.

In addition to this printed copy of Utah Site Selection Quarterly, you should also receive an electronic version in your email. If not, please notify Amie Salazar at asalazar@edcutah.org or call (801) 324-8842.



Jeff Edwards, President & CEO, EDCUtah

2010 Legislative Review

A review of the bills passed and reformed during this year's legislative session; many with an eye to economic development.

Not only does Utah enjoy one of the country's best-managed state governments, but the state legislature has proven time and again that economic development ranks high among its priorities. With growth, development and job creation within the state at top of mind, the 2010 legislative session was no exception.

“Utah’s legislators began the 2010 session facing an enormous budget shortfall, yet they were able to balance the budget, minimize cuts to key programs, and make some good public policy decisions—especially in healthcare reform—that will help keep the state economically competitive and add to its stature as an exceptional place to do business,” says EDCUtah President & CEO Jeff Edwards.”

Here’s a summary of some of the 2010 laws passed by the legislature that will influence economic development in Utah.

Health Care

Health System Reform Amendments (HB 294)

HB 294 further improves Utah’s leading role in health system reform by modifying the health system exchange program. The exchange, which the Salt Lake Chamber calls “the foundational piece of Utah’s health system reform efforts,” was created in the 2009 legislative session to facilitate a defined contribution market available to employers as an option to provide health benefits. However, after the exchange’s limited launch an artificial price discrepancy was discovered between the exchange and the market outside the exchange, which deterred consumer participation. HB 294 resolves the price discrepancy without any mandates. The bill provides greater choice to all involved in Utah’s health system, including employers, employees, and insurance carriers; and

allows for the establishment of a large group pilot program that, according to the Chamber, has the potential to bring nearly 40,000 individuals to the exchange. It is expected the increased volume will increase competition in the exchange and help unleash market-driven reforms to contain costs.

Medical Malpractice Amendments (SB 145)
SB 145 amends the Utah Health Care Malpractice Act. It amends the cap on non-economic damages that may be awarded in a malpractice action; requires an affidavit of merit from a health care professional to proceed with an action if the pre-litigation panel makes a finding of non-meritorious; and limits the liability of a health care provider, in certain circumstances, for the acts or omissions of an apparent agent.

Energy

Economic Development Incentives for Alternative Energy Projects (SB 242)
SB 242 modifies provisions of the Renewable Energy Development Act dealing with economic development incentives for alternative energy projects. Among its provisions, the bill changes the name of the Renewable Energy Development Act to the Alternative Energy Development Act; provides definitions for alternative energy, alternative energy development zones, and alternative energy projects; provides the Governor's Office of Economic Development with criteria for determining a qualifying tax credit under the act; and makes other conforming and technical changes.

Renewable Energy Financing Provision (HB 145)

HB 145 enables Utah's non-profit groups, local governments, schools and churches to take advantage of innovative funding and tax incentives for renewable energy projects. Further, it excludes from the definition of a "public utility" an independent energy producer that provides service to a customer on the real property where an independent power production facility is located. Under certain circumstances this bill provides for actions by the Public Service Commission.

Renewable Energy-Methane Gas (HB 192)

This bill addresses the treatment of electrical energy derived from certain methane gas as a renewable energy source and provides that electrical energy derived from methane gas from certain coal mine facilities be included among the types of waste gases considered as renewable energy sources.

Renewable Energy Modifications (SB 104)

This bill classifies certain compressed air energy storage technology (derived from resources such as wind or solar) as a renewable energy source, eligible for consideration for the State incentives and to count towards

Utah's 20% Renewable Energy Standard Goal (SB 202, passed 2008).

Economic Development

Economic Development Incentives Act Amendments (HB 24)

This bill modifies the provisions of the Economic Development Incentives Act related to significant capital investment and the requirements for receiving a tax credit under the act. It defines "significant capital investment" for purposes of the Economic Development Incentives Act to be an amount of at least \$10 million used to purchase a capital asset or fixed asset. Furthermore, it requires the applicant of the tax credit to provide the Governor's Office of Economic Development (GOED) with documentation showing that the applicant has satisfied the performance benchmarks required under the act, including the significant capital investment, the creation of high paying jobs, significant purchases from Utah vendors or providers, or any combination of these economic factors.

Economic Development Incentives Modifications (HB 118)

This bill modifies economic development provisions of Title 63M, Chapter 1, the Governor's Office of Economic Development, related to the Industrial Assistance Fund to include the retention of companies whose relocation outside the state would have a significant detrimental economic impact on the state as a whole, regions of the state, or specific components of the state; increases the percentage of money in the Industrial Assistance Fund that may be used to take timely advantage of economic opportunities as they arise; modifies qualifications for receiving financial assistance from the Industrial Assistance Fund; and modifies the amount of transfer of surplus of General Fund revenue earmarked to the Industrial Assistance Fund.

Economic Development Incentive Amendments (SB 198)

SB 198 amends the Corporate Franchise and Income Taxes chapter, the Individual Income Tax Act, and the Economic Development Incentives Act relating to economic development incentives including tax credits. Among its provisions, the bill provides that a local government entity or community development and renewal agency may claim a refundable economic development tax credit under certain circumstances, and addresses the procedures, requirements, and administration related to the refundable economic development tax credit and the creation of economic development zones.

Sales and Use Tax Exemption Relating to Aircraft (SB 073)

SB 073 exempts the sales and use tax related to aircraft maintenance, repair, and overhaul

(MRO). Under provisions in SB 073, MRO's will not be required to collect or pay sales tax. This levels the tax environment with more than 24 other states and further strengthens Utah's position as a great business location for aviation companies. The tax environment will remain favorable to aviation and thus encourage continued growth in this industry. Sales and use taxes related to other individuals, businesses, and local governments are unaffected.

Military Installation Development Authority Modifications (SB 124)

SB 124 makes several modifications to the Military Installation Development Authority (MIDA), increasing an affected city's ability to approve projects undertaken by the MIDA and creating a statewide MIDA board with enhanced municipal participation. The bill also allows, with municipal approval, the creation of larger project areas or non-contiguous project areas. Lastly the bill allows for the implementation of the resort tax in areas that already impose the resort tax.

Property Taxes

Property Tax Amendments (HB 259)

This bill modifies provisions relating to property tax. The bill expands a requirement to conduct an annual update of property values using a mass appraisal system so that the requirement applies to assessors in counties of the third, fourth, fifth, and sixth class in addition to county assessors in first and second class counties. It modifies the distribution of certain funds from the multi-county assessing and collecting levy; modifies a provision relating to a property tax notice that the county auditor is required to provide; and modifies the time within which a taxpayer may file an appeal relating to the value of personal property.

Allocation and Apportionment of Income and Deduction of a Net Loss (SB 165)

SB 165 amends the Revenue and Taxation title to address the allocation and apportionment of income and the deduction of a net loss by an acquired corporation. The bill amends provisions in the Multistate Tax Compact governing allocation and apportionment of income, addresses the apportionment of business income to the state, and addresses the time period during which a taxpayer's determination to use a certain formula to apportion business income to the state is in effect. The bill also addresses the amount of net loss a corporation that is acquired by a unitary group may deduct.

Workforce Services

Unemployment Insurance Amendments (HB 18)

This bill modifies provisions of the Employment Security Act related to unemployment insurance benefits. The bill makes modifications to the definition of base period for

purposes related to qualifying for unemployment insurance benefits. It also requires an annual report by the division on the impact of the modifications.

Education

College of Eastern Utah Affiliation with Utah State University (SB 69)

SB 69 establishes Utah State University-College of Eastern Utah as a comprehensive regional college of Utah State University

Authorization of Charter Schools by Higher Education (SB 55)

SB 55 allows higher education institutions to authorize the establishment and operation of charter schools. The expectation is that the higher educational institutions will set high student achievement standards in schools that they administer and many will focus on STEM (Science, Technology, Engineering and Math) curriculum, helping to produce a quality workforce to fuel Utah's innovative companies.

UTAH RANKINGS and GREAT NEWS

For up to date rankings on Utah's prominence in Economic Development, please visit... edcutah.org/news

June 2010 Best and Worst States or Business—Utah Number Nine. *Chief Executive*

July 2010 Best Cities 2010: Salt Lake City, Utah—The talent pool is deep and costs are low in our number-five pick for Best Cities for the Next Decade. *Kiplinger's Personal Finance*

May 2010 Provo ranked Number Nine as America's Most Innovative Cities. *Forbes*

May 2010 Logan Utah Ranked Number Eight in Best Cities to Find a Job. *Business Insider*

May 2010 Utah First in "Rich States" Ranking. *Deseret News*

April 2010 Provo big winner in U.S. census. *CNN Money*

April 2010 Provo, Utah second best place for business and career. Salt Lake, Ogden in top 20. *Forbes*

April 2010 Utah Retains Top Ranking in Economic Outlook Report. *Deseret News*

April 2010 Five States that are Very Friendly to Small Businesses. *Open Forum*

April 2010 Salt Lake City, Utah Among Least Costly Cities for Business. *Utah Business Magazine*

Wins for Fiscal Year (July 1-June 30) 09-10 year

Decho Corporation (dba Mozy Inc.)
Distribution, Pleasant Grove
90 employees
16,000 square feet
\$2.2 M capital investment
\$543,000 State incentive

Edwards Lifesciences, Corp.
Life Sciences, Draper
1,200 employees
166,000 square feet
\$27 M capital investment
\$11.5 M State incentive
\$3 M local incentive

Quality Bicycle Products (QBP)
Distribution, Ogden City
100 employees
85,000 square feet
\$5.5 M capital investment
\$2.1 M State incentive

O'Reilly Automotive, Inc.
Distribution, Salt Lake City
450 employees
200,000 square feet

Conductive Composites Company, LLC
Manufacturing, Green River
6 employees
500 acres
\$700,000 capital investment

eBay Customer Support Center
Information Technology, Draper City
207 employees
30,000 square feet
\$80 M capital investment

Merit Medical Systems, Inc.
Medical Device Manufacturing, South Jordan/West Jordan
392 employees
255,000 square feet
\$11 M capital investment

Semi Service Inc.
Transportation, Salt Lake City
40 employees
90,000 square feet
\$12 M capital investment

Haemonetics Corporation
Manufacturing, Draper
220 employees
100,000 square feet
\$17 M capital investment
\$169,900 State incentive

Fairchild Semiconductor
Manufacturing, West Jordan
538 employees
\$49.5 M capital investment
\$1,269,200 State incentive

Lofthouse Bakery Products, Inc.
Manufacturing, Ogden
115 employees
60,000 square feet
\$22.5 M capital investment
\$138,434 State incentive

Northrop Grumman
Aerospace Manufacturing, Salt Lake City
100 employees
50,000 square feet
\$12 M capital investment

Goldman Sachs
Financial, Salt Lake City
690 employees
\$51 M capital investment
\$47.3 M State incentive

Midwest Center for Stress and Anxiety
Professional/Call Center, North Logan
50 employees
2,500 square feet
\$10,000 capital investment

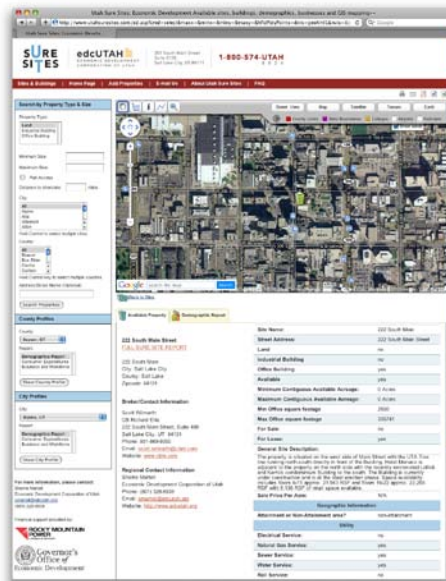
Green River Capital, LC
Professional, West Valley City
396 employees
41,200 square feet
\$4.6 M capital investment
\$100,000 local incentive

Janicki Industries
Composites Manufacturing, Layton City
50 employees
50,000 square feet
\$19.5 M capital investment
\$316,275 State incentive

RBS Securities Inc.
Financial Services, Salt Lake County
260 employees
\$6.27 M capital investment
\$8.6 M State incentive

Sutter Physician Services
Healthcare, Salt Lake City
50 employees
9,300 square feet

Utah SURE Sites



Utah SURE (Select Utah Real Estate) Sites is Utah's premier qualified sites program featuring industrial and office building and land sites designed to meet the needs of relocating and expanding businesses. The database includes some of the best site location opportunities in Utah along with critical information necessary to make sound real estate decisions.

Utah SURE Sites is a powerful site analysis tool that can help you expedite the site selection process by putting the most timely, accurate data at your fingertips with the click of a mouse. You can be sure a Utah SURE Site will include:

- Aerial maps
- Business costs
- Labor markets
- Local economic conditions
- Recent business activity
- Infrastructure
- Transportation
- Quality of life

For more information on the Utah SURE Sites program, contact: Sherrie Martell, 801-328-8839.

ECONOMIC DEVELOPMENT RESOURCES

EDCUTah Web site	www.edcutah.org
Utah Governor's Office of Economic Development (GOED)	www.business.utah.gov
Utah Economic Developer Directory	www.edcutah.org/solutionproviders
Utah Sure Sites - Real Estate	www.utahsuresites.com
EDCUTah Economic Review Weekly Newsletter	www.edcutah.org/newsletter

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Please note: This newsletter is produced to give site selectors and corporate decision-makers the best opportunity to stay up to date on ED news in Utah. This publication is simultaneously e-mailed to site selectors and corporate decision-makers within the EDCUTah database. The e-mail version will make linking to resources and contacts convenient and user friendly. In the future, this newsletter will only be produced for e-mail and the web. If you did not receive the e-mail version of our newsletter, but would like to, please contact Amie Salazar at asalazar@edcutah.org or 801-328-8842.



Utah Lake from Mount Timpanogos



Utah Governor's Office of Economic Development

THE PARTNERSHIP FOR UTAH'S GROWTH



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