

Financial Incentives

These programs are not funding sources per se but reduce the cost of doing business once established (RLF Program exception).

Quantified examples for some the incentives/ tax credits outlined below can be found at the end of this section.

Local

Enterprise Zones

All businesses are eligible for tax credits except construction, retail businesses, and public utilities. Eligible businesses locating or expanding to Enterprise Zones may receive the following corporate income tax credits. (Note that job creation tax credits apply to up to 30 full-time positions):

1. A \$750 tax credit for each new full-time position filled for at least six-months during the tax year.
2. An additional \$500 tax credit if the new position pays at least 125% of the county average monthly wage for the respective industry (determined by the Utah Department of Workforce Services). In the event this information is not available for the respective industry, the position must pay at least 125% of the total average monthly wage in the county.
3. An additional \$750 tax credit if the new position is in a business that adds value to agricultural commodities through manufacturing or processing.
4. An additional \$200 tax credit, for two consecutive years, for each new employee insured under an employer sponsored health insurance program if the employer pays at least 50% of the premium.
5. A tax credit (not to exceed \$100,000) of 50% of the value of a cash contribution to a 501c(3) private nonprofit corporation engaged primarily in community and economic development, and is accredited by the Utah Rural Development Council.
6. A tax credit of 25% of the first \$200,000 spent on rehabilitating a building which has been vacant for at least two years, and which is located within an enterprise zone.

7. An annual investment tax credit of 10% of the first \$250,000 in investment, and 5% of the next \$1,000,000 qualifying investment in plant, equipment, or other depreciable property.

Revolving Loan Fund*

The Six County Association of Governments, in concert with Sevier County, operates a Revolving Loan Fund (RLF) utilizing a variety of federal resources. The maximum policy loan is \$150,000 and can be used for any purpose (land, building, working capital). Funding requires that 1 job be created for every \$20,000 loaned. The RLF program offers “gap” financing or the portion not covered by conventional loan institutions and owners equity. The RLF can offer competitive interest rates. Contact Malcolm Nash of Sevier County for more information (435) 893-0454.

Economic Development Area / Tax Increment Financing

Salina Commercial Center

Tax Increment Financing (TIF) is utilized in areas that have been targeted for economic development. Economic Development Areas (EDA's) are set up and administered by local and municipalities. Portions of the new property tax generated by the new development (i.e., capital investment in building, property and land) can be returned to the company in the form of infrastructure development, land cost write-downs or other appropriate means.

Part of the new property tax can be returned to a company. Each municipality constitutes a board, which votes on the approval of Tax Increment Financing for individual companies and their projects. Amounts are negotiated on a project-by-project basis between the Salina Redevelopment Agency and the company after the economic impact analysis is completed.

The value of this incentive depends on the increase value of real property generated by the company locating in the Salina Commercial Center.

Salina City is also willing to complete land write-downs to offset start-up costs for new tenants.

Recycling Zones

Portions of Sevier County have already been designated as Recycling Zones allowing for applicable businesses in those zones to qualify for this tax credit.

Businesses that collect, process, distribute, or use recycled materials in their manufacturing process can earn economic incentives by locating in these zones or by applying for the creation of a new zone.

Recycling Zone Incentives may include:

1. A 5% tax credit on machinery and equipment.
2. A 20% state tax credit (up to \$2,000) on eligible operating expenses.
3. Technical assistance from state economic development professionals.
4. Various local incentives including zoning assistance, etc.

Federal

USDA Business & Industrial Loan Guarantee Program

The program's primary purpose is to create and maintain employment and improve the economic climate in rural communities. The loan guarantees have a maximum of \$10,000,000 although the RBS Administrator can approve up to \$25 million. Generally less equity injection is required with longer repayment terms (machinery & equipment – 15-years or useful life, real estate – 30-years). It reduces concerns regarding collateral/appraisal issues in smaller communities. These loans are often processed with the assistance of a private bank. Contact Richard Carrig in Salt Lake City at (801) 524-4328 or (801) 552-7357 [mobile] or Malcolm Nash at (435) 893-0454.