



Rural Vistas

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CIB to Study Future of Utah's Coal Industry

It's been called the “war on coal.” Others call it an environmental necessity. Regardless of what it's called, the impacts are dramatic. New Federal restrictions on particulate and carbon emissions are forcing the shutdown of over 150 coal-fired power plants in the United States. As a result, the Appalachian region of West Virginia and eastern Kentucky has witnessed the loss of 6,000 coal mining jobs over the past 18 months, and 3,000 more are expected to be eliminated in the coming year. The impact on the regional economy has been devastating.

In Utah, the first casualty is the Carbon Power Plant (and its 74 jobs), which will be shuttered during the coming year because the cost to retrofit this older

plant to comply with new requirements is not economically feasible.

Utah's other, much larger and newer power plants aren't yet at risk of shutting down, but they are looking to convert from coal to natural gas in the coming years in order to meet customer demands for cleaner fuel sources.

But what will a transition to burning natural gas in power plants mean to Utah's coal mining industry? How will it affect the state's mineral lease revenues? What will be the impact on Utah's counties and communities whose economies are heavily dependent upon on coal mining, trucking, and power generation?

Seeking answers to these questions, as



well as many others, will be the focus of a significant research project being launched by the Utah Permanent Community Impact Fund Board (CIB), in collaboration with the Utah Center for Rural Life at Southern Utah University.

“There is a big cloud of uncertainty hanging over the future of our power plants,” says Linda Gillmor, economic development director for Millard County -- home of the Intermountain Power Project (IPP). “We are anxious to know what to expect and what to plan for in the future.”

These concerns are also shared by coal producing counties. Emery County Economic Development Director, Mike McCandless, wonders if Utah coal can be sold to overseas markets, and even if there are overseas buyers, will Utah coal be able to gain access to overburdened port facilities on the West Coast.

“There are a lot of unknowns right now,” says McCandless. “We hope this study can help us find some answers.”

Utah has six counties directly affected by coal production and electricity generation -- Carbon, Emery, Garfield, Millard, Sanpete, and Sevier counties.

In addition to evaluating the impacts of converting from coal to natural gas, and the ramifications such a change will have on natural gas production and distribution in Utah, the study will also look at the potential for alternative uses for coal, such as coal gasification, converting coal to diesel, and extracting chemicals from coal.

“Identifying future options and opportunities for the coal industry is a primary objective of this study,” says Keith Heaton, Director of Planning and Community Development for the CIB.

Taking on a study like this is a new role for the CIB, but it’s



one they’ve spent the past year preparing for. After months of talking to rural leaders and evaluating the challenges they face, the CIB Board gave authorization and funding this past December to establish a planning group within the office. The objective is to help communities, as well as the CIB, gather data and do the in-depth planning that is needed prior to approving project requests.

“The Board will invest around \$140 million in rural Utah this year. We’d like to see the level of planning that is needed for that level of investment,” says Gordon Walker, Director of the Housing and Community Development Division of Workforce Services. “We’re hoping to compliment current regional planning efforts and hopefully provide additional resources for them.”

The CIB is initially putting together a three-person planning staff, with the potential to expand as additional needs arise. The coal study will be the first major project for the staff.

“The coal industry study is the perfect fit for us,” continues Walker. “It will help both the CIB and local communities plan for big challenges that are looming ahead of us. We are confident we have the talent and ability to do this study and do it well.”

Rural Incentives Program Expanded to Include Additional Cities and Businesses

Eligibility for Rural Fast Track incentives has been recently modified by the Governor’s Office of Economic Development (GOED), opening the door to participation for numerous cities and businesses that have been excluded in the past. Under the revised guidelines, small businesses in 63 additional cities will now be eligible to apply for grants tar-

geted toward creating high paying jobs in rural areas of the state.

Additionally, the “types” of businesses that can apply has also been expanded in ten pilot counties. In these pilot counties, eligibility now includes such businesses as retail stores, motels, restaurants, and most any other business

connected to tourism and agriculture. In the past, Fast Track incentives have not been available to leisure and hospitality type enterprises.

The changes are intended to provide incentives in those counties and cities where the needs are the greatest.

The changes in Fast Track eligibility are in response to concerns expressed by rural leaders during visits by the GOED Rural Team to each rural county during the summer and fall. Several counties with tourism-based economies listed the need for tourism business eligibility as their highest economic development priority.

These concerns prompted GOED to review existing statutes and internal guidelines governing the incentives. The review concluded that state statute did not necessarily preclude leisure and hospitality businesses from receiving the incentives, so internal policy was adjusted to provide incentives to a much broader rural base.

“Our economy is heavily dependent upon tourism,” says Ken Davey, Moab City Economic Development Specialist. “This will be a very valuable tool in expanding business and job opportunities in Moab.”

Rural Fast Track

The Rural Fast Track Program (RFT) is a grant available to qualifying small companies in rural Utah. It provides an efficient way for existing small companies to receive incentives for creating high paying jobs in rural areas of the state. Fast Track can pay 50% of the costs of new buildings and equipment, up to \$50,000, for businesses that expand their operations and hire new employees.

To qualify, a business must be in a county with a population of less than 30,000, have been in business for at least two years, and have at least two full-time employees.

Partially Rural Counties Pilot Program

The new pilot program for Fast Track incentives acknowledges the fact that within the counties that are ineligible be-

cause they have populations greater than 30,000 people, there are many communities that are still very rural and very small. Communities like Enterprise in Washington County, Henefer in Summit County, and Corrine in Box Elder County are as rural as any place in the state, and shouldn't be excluded because their counties have a large population center.

Fast Track eligibility is now available to 63 communities in these larger “partially rural” counties. Communities in these counties can qualify if they have a population of under 15,000 and average household income of less than \$60,000.

Tourism and Agriculture Pilot Program

Tourism and agriculture businesses are now eligible to apply for Fast Track grants in ten pilot counties. These counties have hospitality employment that is 125% or greater than the state average, have populations under 30,000, and average household income under \$60,000. The ten qualifying pilot counties are Beaver, Daggett, Garfield, Grand, Kane, Piute, Rich, San Juan, Sevier, and Wayne.

Rural businesses are encouraged to contact their local county economic development director for information on eligibility and the application process.



Tourism businesses are now eligible for Fast Track incentives.

Photo courtesy of Moab Area Travel Council



The Utah Center for Rural Life

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