Utah Rural Jobs Act

DISCLAIMER: This is a brief summary of the overall requirements and parts of the Utah Rural Jobs Act. The lists, requirements, criteria, and general information provided by this summary is not complete or exclusive. To view all requirements required by law please see the following link: https://le.utah.gov/xcode/Title63N/Chapter4/63N-4-P3.html

PURPOSE OF THE UTAH RURAL JOBS ACT:

The Utah Rural Jobs Act enables an eligible small business located in a rural county to expand and create high wage jobs by providing flexible and affordable capital to small businesses in these areas.

The program has three types of participants: 1) Investors who provide capital investments to a Rural Investment Company, 2) Rural Investment Companies who raise the funds from investors to be invested in eligible small businesses; and 3) Eligible small businesses who may receive up to $5,000,000 in capital for business development and expansion needs. The program authorizes $42,000,000 of investment authority to Rural Investment Companies.

Rural Investment Company:

- To participate in the Utah Rural Jobs Act program as a Rural Investment Company (meaning you will raise a fund to invest into eligible small businesses)—the RIC must:
  - Apply to the State starting November 1st (applications are treated on first come first served basis and must state the portion of the $42,000,000 investment authority being sought).
  - Via the application demonstrate:
    - A federal designation as a Small Business Investment Corporation from the Small Business Association or a Rural Business Investment Corporation designation from the Department of Agriculture.
    - Before the application submission date, evidence that at least $50,000,000 of investments have been made to nonpublic companies located in counties throughout the U.S. with a population of less than 50,000; and
    - You have investors ready to make investments into the overall fund including the amount of each investment committed via signed affidavits. Please note the amount of contributions being made by investors cannot be more than 58% of the total amount of investment authority (fund) being sought.
  - If approved the RIC must
    - Raise the total investment authority authorized by the state within 65 days.
    - Invest 100% of its investment authority within three years of raising the total investment authority.
    - Maintain 100% of its investment authority for 7 years
    - Must invest at least 70% of total investment authority into eligible small business in Rural Counties, which is any county in Utah EXCEPT: Weber, Davis, Salt Lake, Utah, Tooele, Cache, and Washington, and Summit counties.
    - Keep all investments into eligible small businesses to a total of $5,000,000 or less
    - Pay an equal portion of a $50,000 annual fee split evenly among all active Rural Investment Companies.
Investors

- To be an investor (claimant) that will invest in a Rural Investment Company and receive a tax credit, an investor must:
  - Be a resident or nonresident person that has state taxable income
- If an investor makes an investment (credit-eligible contribution) to a Rural Investment Company, the investor:
  - Will receive 100% of their investment in the form of a non-refundable tax credit.
    - The tax credit will be issued only if the Rural Investment Company complies with all program criteria and requirements.
    - The tax credit is issued over a 7 year period from the time the Rural Investment Company has raised its total investment authority.
      - 0% is issued from years 1-3
      - 25% is issued each year in years 4-7

Eligible Small Businesses

- To be a small business that receives a capital investment from a Rural Investment Company, a small business must:
  - Be located in a Rural County in Utah (this is any county EXCEPT: Weber, Davis, Salt Lake, Utah, Tooele, Cache, and Washington, and Summit counties)
  - At the time the investment is made:
    - Have fewer than 150 employees
    - Have less than $10,000,000 in net income for the preceding taxable year
    - Have the principal business operations in the State of Utah
      - Meaning 60% of total employees are at this location or if locating to the state, will have 60% of total employees at this location within 180 days after receiving investment from the Rural Investment Company.
    - Is a business that falls within any of the following industry types:
      - Aerospace
      - Defense
      - Energy and natural resources
      - Financial services
      - Life sciences
      - Outdoor products
      - Software development
      - Information technology
      - Manufacturing
      - Agribusiness
- Please note that small businesses will work directly with a Rural Investment Company to secure a potential investment and NOT with the State. All terms and conditions related to a potential investment are strictly between the small businesses and the Rural Investment Company only.

APPLICATIONS FOR RURAL INVESTMENT COMPANIES TO APPLY FOR AN INVESTMENT AUTHORITY ALLOCATION WILL GO LIVE ON NOVEMBER 1, 2017 12:00 AM MST.