



# TARGETED BUSINESS TAX CREDIT

[business.utah.gov/rural](https://business.utah.gov/rural)

The Targeted Business Tax Credit (TBTC) program encourages significant capital investment and job creation by businesses, leading to a positive economic impact in rural Utah counties with populations of less than 25,000 people.

## **The Incentive**

Rural businesses may receive up to \$100,000 in a refundable tax credit. The tax credit reimbursement is issued through the Utah State Tax Commission for businesses that meet capital investment benchmarks and new-hire goals. The tax credit can be collected regardless of whether or not the business has a state tax liability. The total for all tax credits allocated under this program is \$300,000 per year.

## ***How does the TBTC actually work?***

As an example, let's consider ABC Company that manufactures widgets. ABC Company is located within a county with a population of less than 25,000 and is located in an Enterprise Zone. ABC Company is ready to make a significant capital investment of at least \$100,000 in the company, and proposes to hire 10 new full-time employees at high-paying wages (at least 110% of the county average wage); this expansion is considered a Community Investment Project.

ABC Company applies in 2020 during the open application period through the Governor's Office of Economic Development (GOED). Because their project will have a significant impact on the local community, their application is approved and they are authorized to receive the maximum refundable tax credit of \$100,000.

In September 2020, the company purchases two large pieces of equipment totaling \$200,000 and hires 10 full-time employees. In February 2021, ABC Company initiates the tax credit certification process. ABC Company submits all of the required documentation to the GOED Compliance Department as proof they have met their capital investment benchmarks and hiring goals. Upon verification by the Compliance Department, the company is issued a tax credit certificate, which they then deliver to the state tax commission. The tax commission zeros out the state tax liability of ABC Company and issues them a tax refund check for the balance of the allocated funds, up to \$100,000.

## ***What is a Community Investment Project?***

A Community Investment Project (CIP) is a business development project that includes a significant capital investment and creates high paying jobs.

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## ***What is a Significant Capital Investment?***

Significant capital investment is an investment of at least \$100,000 in new construction, expansion or the purchase of depreciable equipment.

## ***What is a high paying job?***

A high paying job is a full-time position (at least 30 hours a week) that pays a salary comparable to or above the county average wage.

## ***Does my business qualify?***

- Eligible businesses are located in a county with a population of less than 25,000.
- Eligible businesses are located within a current Enterprise Zone (talk to your local economic development director or visit [locate.utah.gov](http://locate.utah.gov)).
- Eligible businesses employ at least 51% of employees (including new hires and current employees) at a facility located in an Enterprise Zone, or in an Enterprise Zone that is immediately adjacent and contiguous to the county where the Community Investment Project is located.

## **Businesses are not eligible in the following industries:**

- Construction
- Retail
- Public utility activities

## **Businesses may not:**

- claim or carry forward another Enterprise Zone tax credit for the same taxable year in which they claim a TBTC
- receive a Rural Fast Track Grant payment for the same capital investment or jobs for which a business has received a TBTC

The Targeted Business Tax Credit application process is competitive. The number of applications received may exceed available tax credit allocations per year. The business proposals deemed to have the most significant economic impact in their rural counties will be selected to receive a tax credit allocation of up to \$100,000

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