



## Governor's Office of Economic Opportunity

# Targeted Business Tax Credit

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 within an established Enterprise Zone\* 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 work?

As an example, let's consider ABC Company that manufactures widgets. ABC Company is located in a county with a population of less than 25,000 and is located within an Enterprise Zone. ABC Company is ready to make a significant capital investment by purchasing new equipment costing at least \$100,000. They are also prepared to hire 10 new full-time employees at high-paying wages.

The company's expansion is considered to be a Community Investment Project (CIP). Upon application through the Governor's Office of Economic Opportunity (Go Utah) , and after review of their project, it is determined the CIP of ABC Company 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.

During the term of their contract, the company purchases two large pieces of equipment totaling \$200,000 and hires 10 full-time employees. Having completed their CIP, ABC Company initiates the tax credit certification process. They submit all of the required documentation to the Go Utah compliance department as proof they have met their capital investment benchmarks and hiring goals. Upon verification by the compliance team, the company is issued a tax credit certificate, which they then deliver to the state tax commission. The tax commission credits ABC Company for their state tax liability, and if available after state tax liabilities are satisfied the tax commission issues the company a tax refund check for the balance of the allocated funds, up to \$100,000.





## What is an Enterprise Zone?

An Enterprise Zone comprises an area identified by locally elected officials and designated by the state. A town with a population of 20,000 or less and a county of less than 70,000 people, and Indian Tribes with tribal lands within the state of Utah can apply for the designation. Qualified businesses within established Enterprise Zones may receive state tax credits for capital investments and job creation.

Visit [locate.utah.gov](http://locate.utah.gov) to find a full list of eligible Enterprise Zones.

## 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.

## 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 that pays a salary comparable to or above the county average wage (generally considered to be 110% of county average wages).

## Does your 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 Targeted Business Tax Credit.

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.

The Targeted Business Tax Credit is also a post-performance program. A Community Investment Project (CIP) under this program must be completed in its entirety, as verified by the Go Utah compliance team, before a tax credit is issued.