Presentation Objectives

• How local governments created Enterprise Zone areas, expiration and mapping tool
• Enterprise Zone history and why Go Utah is involved
• Go Utah’s administration goals and basic definitions
• Learn who can apply for a Enterprise Zone
• Become Familiar with Map and the Application Portal
• Basics of the Compliance Process After Application
• What is a Tax Credit Certificate and How to Use It
• Frequently Asked Questions
Enterprise Zone Creation

Cities and Counties created Enterprise Zones

A city or county would designate areas where companies would be located to receive the benefit from the Enterprise Zone tax credit.

The process included providing specific maps.

Go Utah would review and approve the applications and set up the maps in locate.Utah.gov.

Zone designation were set for 5 calendar year terms.

The process of setting up new or renewing enterprise zones was disallowed by the Legislature starting on January 1st 2021.
Expiration of Enterprise Zones

List of Expiring Zones

List located at business.Utah.gov/rural/
Select Enterprise Zone
Select the hyper link “Enterprise Zone Expiration and Contact List”

Zones expire at the end of the year
Majority expire in 2023 and 2024
Go Utah will continue to process applications after 2024
Locate.Utah.gov

1. Navigate to locate.Utah.gov
2. Select the Econ Development pull-down
3. Select the Enterprise Zone check-box
4. Select the year

Note: City and County designations and time periods differ. They are different zones
Disclosure Statement

No guarantees or assurances

The Governor’s Office of Economic Opportunity (Go Utah) provides the information in this presentation to assist entities to make their own judgement if they are eligible for an incentive, successfully gather the correct material, and apply for an incentive.

This presentation does not provide guarantees or assurances of qualification or amounts eligible for a tax credit. The presenter(s) reserve the right to provide additional or amended guidance. Go Utah reserves the right to determine qualification and tax credit award as provided in UCA and Administrative Rule.
Enterprise Zone History

Pre 2016 – Filing via State Tax Return

The tax credit was calculated by the taxpayer and then claimed on a state tax return. The Tax Commission could then audit the taxpayer records and use processes within the structure to govern the program. Go Utah’s authority was limited to establish city and county enterprise zones.

Post 2016 – Go Utah provides credit

Go Utah received statutory authority to administer the tax credit program for the CY 2016 tax year. Determination of tax credit eligibility and the amount of award is determined by Go Utah. Award determined before being claimed on a state tax return. Administrative rule authority was provided additional structure and governance to the program.

UCA 63N Chapter 2 Part 213
Common Goal and Definitions

Administer a program that is simple, collects information needed to support providing a tax credit and is accountable to stakeholders

• "Qualifying investment in plant, equipment, or other depreciable property“, means investment in most types of tangible property except land. Often if it qualified for depreciation under IRS form 4562, i.e. fixed asset it is eligible

• New full-time employee positions are positions at the end of the calendar year working 30 or more hours per week

• Annual Process - Common to follow an annual calendar year process. New items placed into service in a given year, can be claimed the following year. Example: An investment purchased in 2021 are claimed for the 2021 tax year starting in January 2022. Previous year and two additional years are open.

• Documentation Needs – Completed form, certificate of compliance and purchase and payment documentation uploaded and submitted online
Who Can Apply

• An entity within an Enterprise Zone during an active period. Useful tool locate.utah.gov can help locate your specific address and determine if you are in the zone
• Specific sole-proprietor and for-profit Utah companies. May not be claimed primarily engaged in retail trade, residential rental property or public utilities
• May or may not have employees. But when there are employees, 51% must reside in the county or immediately adjacent
• Applicant has not claimed the Targeted Business Income Tax Credit for the calendar year
Three Tracks of Incentives

Capital Investment
- Purchase of Qualifying Investment
- Date Purchased or placed into service
- 5% of the first $750,000

Rehabilitating a Building
- Building not occupied, tenants, furniture or personal property > 2 years
- 25% of the first $200k, 10% of the $250k and 5% of the $1m
- Specific documentation needs

Employee Credit
- Net growth of new Full-time positions
- Demonstrated by increasing end of year growth, as compared with the previous year
- Max 30 positions per year
- $750 per employee and
- Additional increases for 125% county average, agriculture and employee sponsored health-insurance
1. Navigate to business.utah.gov/rural.
2. Select the tax credit in which you want to apply
   1. Employee or
   2. Capital Investment (includes rehabilitation)
Qualified Investment - Two Required Forms

Certificate of Compliance

Enterprise Zone Tax Credit Certification Letter

The undersigned, __________________________, the ______________________, of __________________________, the ______________________, is hereby certifying to the State of Utah, acting through the Governor’s Office of Economic Opportunity as Administrator of the Enterprise Zone Tax Credit Program, the following:

- The applying business entity conducts or transacts business within the State of Utah and has Utah taxable income (56-7-101) or state taxable income (59-10-1).
- The applying business entity had operations within an Enterprise Zone during the applicable tax year for which at least 51% of the employees employed at the claimed facility reside in the county in which the enterprise zone is located or an enterprise zone that is immediately adjacent to the county that contains the enterprise zone in which the claimed facility is located (56-2-212).
- All claimed qualifying investment for which the investment occurred outside of the applicable tax year was placed into service during the applicable tax year.
- All claimed investment spent on rehabilitating a building had been vacant for two years or more, including that the building has had or contained no occupants, tenants, future, or personal property for two years or more, in the time period immediately before the rehabilitation.
- The information supplied in this Enterprise Zone tax credit application is true, correct, and in compliance with the statute (59A-2) and administrative rules (R357-15) of the Enterprise Zone program and the following summarizes the tax credits claimed:

Summary of Tax Credits Claimed for Tax Year

1. Number of new full-time employee positions created in Enterprise Zone: __________________________ x $750 = __________________________

Annual Investment Summary Template

[Table showing various financial data and calculations related to investment summary]
Qualified Investment - Documentation

Purchase Documentation

Identifies who, what, when and how much. Provide one of the following documents:

- Bill of sale
- Contract of sale
- Receipt
- Invoice
- Other documentation which identifies the buyer, seller, purchase price, item(s) purchased, and the date of purchase
- Vehicles have specific info required – provide business use percentage and reduce for trade-in allowance

Payment Documentation

Provides assurance the transaction occurred. Provide one or more of the following documents > $10,000

- Bank statement
- Cleared check
- Signed and executed finance agreement
- For Cash Payments, signed statement from the seller confirming the payer, payee, date paid and amount paid
Rehabilitation – Additional Documentation

Specific Requirements

Eligibility is determined by two or more year of a building not containing the following prior to rehabilitation:

- Occupants
- Tenants
- Furniture
- Personal property

Amount eligible for the 25% tax credit, is for the amount of rehabilitation, not for the purchase of the property. The purchase of the property can be claimed through the standard process at the 5% rate.

Vacancy and New Occupancy Documentation

Provides assurances that the building was unoccupied, rehabilitated and occupied. Includes all of the following:

- Notarized vacancy letter or 3rd party information showing proof of duration of two or more years
- Current occupancy permit
- Documents showing current owner such as deed or mortgage documents
- Completed template showing rehabilitation costs
Employee - Two Required Forms

Certificate of Compliance

Enterprise Zone Tax Credit Certification Letter

The undersigned ____________________________, the ____________________________,

of ____________________________, a ____________________________, for ____________________________,

(name of officer) (title of officer) (Name of Applicant) (Enterprise Zone)

[Entity, sole proprietorship, individual, claimant, estate, or trust] [Tax Year]

("Applicant") hereby certifies to the State of Utah, acting through the Governor's Office of Economic Opportunity as Administrator of the Enterprise Zone Tax Credit Program, the following:

- The applying business entity conducts or transacts business within the State of Utah and has Utah taxable income (56-7-101) or state taxable income (56-16-1).
- The applying business entity had operations within an Enterprise Zone during the applicable tax year for which at least 51% of the employees employed at the claimed facility reside in the county in which the enterprise zone is located or an enterprise zone that is immediately adjacent to the county that contains the enterprise zone in which the claimed facility is located (304-2-212).
- All claimed qualifying investment for which the investment occurred outside of the applicable tax year was placed into service during the applicable tax year.
- All claimed investment spent on rehabilitating a building had been vacant for two years or more, including that the building had had or contained no occupants, tenants, future, or personal property for two years or more, in the time period immediately before the rehabilitation.
- The information supplied in this Enterprise Zone tax credit application is true, correct, and in compliance with the statute (304-2) and administrative rules (R357-15) of the Enterprise Zone program and the following summarizes the tax credits claimed:

Summary of Tax Credits Claimed for Tax Year

1. Number of new full-time employee positions created in ____________________________ x $750 = ____________________________

Enterprise Zone
Employee – Documentation

What we review

The Employee Report is to help us understand:

• If net growth occurred, we review the maximum number of positions for the previous year and compare the number of positions for the year of application
• If the growth when the new employee was hired, their wage and other information that could result in a tax credit

We review a company’s State Unemployment Insurance filings to help provide assurances about growth

Detail Required

Provide us the application year’s “snapshot” of payroll activity. Please include all fields, even if the employee was hired, terminated or hire then terminated within the same year.
What happens after application

Timing and Correspondence

Generally, our team processes a tax credit within 30 days. If you haven’t received a tax credit and it has been 30 days, reach out to us at

A member of the compliance team may request additional information by email

Don’t file your taxes until awarded - 63N-2-213 (5) A business entity may not claim a tax credit under this section unless the business entity has a tax credit certificate issued by the office.

Certificates and Utah State Tax Commission

Certificates have a window of opportunity - the year of the assessment and two additional years

The Enterprise Zone program is a non-refundable tax credit. You need to have tax liability to benefit

Go Utah doesn’t provide tax advise – please as the Utah State Tax Commission or your tax preparer

Go Utah provides the Utah State Tax Commission with essential information about your tax credit on a regular basis
Tips for success

Common additional information requests

• Missing business use percentage
• Land and building percentage – amount paid and percentage of building value as shown on property tax notice
• Addresses difficult to locate - provide a screenshot or a description for hard to find areas
• Signed/executed copy of financing agreements
• Economic entity assumption & relationship between entities
• Certificate of compliance
• Motor vehicle trade-in
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