

WHAT IS AN ENTERPRISE ZONE?

The Utah Enterprise Zone Program was established in 1988. An enterprise zone comprises an area identified by local elected and economic development officials and designated by the state. Under the program, certain types of businesses locating to, or expanding in a designated zone may claim tax credits provided in the law. In 1996, Senate Bill 239 significantly revised and expanded the existing Utah Enterprise Zone Program. New [tax credits](#) were added and eligible municipalities, as well as counties, may now apply for enterprise zone designations. The [Enterprise Zone Act](#) is found in Utah Code 9-2-401 through 415.

TAX CREDITS

[Tax credits](#) are available to eligible businesses in designated enterprise zones from the start of the tax year in which the designation is made. For example, if designation is made in August 1999, an eligible business may claim tax credits for the entire tax year beginning January 1, 1999.

The full amount of the tax credit may be carried over for three years. Businesses closing operations in one rural area to locate in another rural area may not claim tax credits under this program. Construction jobs are not eligible for tax credits. Retail businesses and public utilities are not eligible to claim tax credits.

The following tax credits may be claimed by eligible businesses locating or expanding in enterprise zones on state income tax forms:

JOB CREATION TAX CREDITS (may claim for up to thirty full time positions per tax year):

1. A \$750 tax credit for each new full time position filled for at least six months during the tax year.
2. An additional \$500 tax credit if the new position pays at least 125% of the county average monthly wage for the respective industry (determined by the Utah Dept. of Employment Security). In the event this information is not available for the respective industry, the position must pay at least 125% of the total average monthly wage in the county.
3. An additional \$750 tax credit if the new position is in a business which adds value to agricultural commodities through manufacturing or processing.
4. An additional \$200 tax credit, for two consecutive years, for each new employee insured under an employer sponsored health insurance program if the employer pays at least 50% of the premium.

OTHER TAX CREDITS:

1. A tax credit (not to exceed \$100,000) of 50% of the value of a cash contribution to a 501(c)(3) private nonprofit corporation engaged primarily in community and economic development, and is accredited by the Utah Rural Development Council.
2. A tax credit of 25% of the first \$200,000 spent on rehabilitating a building which has been vacant for at least two years, and which is located within an enterprise zone.
3. An annual investment tax credit of 10% of the first \$250,000 in investment, and 5% of the next \$1,000,000 qualifying investment in plant, equipment, or other depreciable property.

For more information about tax credits available under this program, contact Kim Ferrell, Utah State Tax Commission, Corporate Auditing, 210 North 1950 West, Salt Lake City, Utah 84134; Telephone (801) 297-4634, e-mail kferrell@utah.gov.