

# Utah Enterprise Zone Application

Uintah County, Ballard City, Naples City, Vernal City

December 7, 2009

## Economic Development Planning

This application draws primarily on the economic development priorities identified in the Uintah County General Plan, Naples City, Ballard City and Vernal City General Plans. Updating these plans was a coordinated effort between residents, project advisory committee members, and local government officials, departments and organizations that made this project possible. These plans clarify/reconfirm Uintah County's, Vernal City's, Naples City's and Ballard City's land use and business development goals and policies which include:

- Businesses capitalizing on local natural resource related opportunities
- Businesses capitalizing on local opportunities relating to Energy – traditional and non-traditional including, renewable energy.
- Service related industries
- Businesses capitalizing on Uintah County's excellent communications capabilities provided by Strata Networks
- Growth oriented entrepreneurs
- Businesses that support a broad spectrum of educational and vocational opportunities including primary, secondary and post-secondary programs
- The retention, growth and development of existing businesses

These General plans are incorporated into, and are consistent with, the Uintah Basin Association of Government's Comprehensive Economic Development Strategy. Electronic copies of these General plans and the Uintah Basin Association of Government Comprehensive Economic Development Strategy are available for review through the UBAOG, Uintah County, Vernal City and Naples City websites. Hard copies will also be available through each respective agency as well as through Tammie Lucero at the Office of Economic Development.

## Proposed Enterprise Zone Boundaries and Consistency with Local Land Use Planning

Frequently Utah Enterprise Zones are defined by the boundaries of an applicant's industrial and commercial zones. While the elected officials of the entities requesting designation through this application certainly want enterprise benefits to flow to eligible businesses within their respective industrial and commercial zones, the businesses targeted in the General Plans require a broader designation. Additionally, the incorporated cities and Uintah County have consolidated their economic activities under one office. For these reasons, this application requests an enterprise zone designation that encompasses all of Uintah County's unincorporated areas as well as all of Ballard City, Naples City and Vernal City.

## **Natural Resource Based Businesses**

Most natural resource development occurs in the unincorporated portions of Uintah County some of which are on SITLA and Federal Land as well. Uintah County considers natural resource exploration and development the “lifeblood” of the region. As the largest contributor to the County’s tax base, this sector holds additional opportunities for economic growth as new resource are discovered and a new technology is developed. The County will continue to encourage and support the responsible use and development of natural resources and the associated industries and businesses. There are thousands of natural gas wells and mining claims in Uintah County on both private and public lands. The Uintah County Commission is requesting an Enterprise Zone Designation that allows tax benefits to be available for business interests in existing natural resource development and as future claims are developed. Providing detailed legal descriptions of existing well locations would create an unreasonable burden. Similarly, the necessity of requesting an amended application for each new well/drilling location or mining claim would be unmanageable. There is also an issue relating to the tracking of drilling/mining exploration equipment which is eligible for benefits as a depreciable asset, but might move from location to location within the county. A countywide designation would address these concerns as they relate to natural resource development.

## **Agriculture**

Agriculture has been declining over the last several years, however, we feel it is important to continue to support existing agriculture activities in the area and capitalize on the changing dynamics of agriculture. We recognize the historic and important role that agriculture has played in our economy. We will work to retain and expand existing operations through innovation and value-added programs and businesses.

## **Home Based Businesses**

Enterprise Zone tax benefits favor small businesses by allowing a 10% credit on the first \$250,000 invested in new plant, equipment and depreciable asset while the next \$1,000,000 in such investments receive only a 5% tax credit. Such credits are especially beneficial to small, home based businesses scattered throughout Uintah County in various land use categories. A countywide designation would allow these entrepreneurs to develop their businesses with the hope that they will eventually outgrow their homes and move into more development commercial and industrial zones.

A small company called Merrell Foot Lab illustrates why a countywide designation is requested to support home based businesses. Randy Merrell formed R I Merrell and Sons which is now called Merrell Foot Lab, out of a small shed in Vernal, Utah. The company moved to a remote location in Dry Fork Canyon near Vernal, Utah 30 years ago. Their home based business provides orthotic foot care for the public and primarily services special needs patients. Randy makes customized shoes and boots for any kind of problems with feet. People all over the word have traveled to Merrell Foot Lab for customized care. Randy Merrell Foot Lab is one of dozens of home-based businesses that are tucked away throughout the county, often in remote locations. It is not feasible to identify a property description for every such business, but a countywide designation would let such emerging businesses take advantage of enterprise zone tax credits.

It is important to note that this application in no way is encouraging business development that is not consistent with local zoning. All businesses will still be required to meet local zoning requirements. However, we do want to assure that legally established businesses are able to benefit from enterprise zone tax credits even though their assets may be located in locations that are not readily described by metes and bounds descriptions or by local zoning maps.

## **Assessments**

- Uintah County hosts an annual Business Symposium that reaches out and seeks input from businesses throughout the area.
- Stimulating the Expansion of Entrepreneurial Development (SEED) Uintah Basin conducted extensive assessments where businesses and stakeholders come together for the well being of the community.
- SEED Uintah Basin assessed the capability of the community to support local entrepreneurs in several key business support categories.
- The Uintah Basin Association of Governments engaged local officials and economic development professionals in a detailed assessment process in the development of their Inventory Assessment.
- Uintah County and all incorporated cities have regularly scheduled meetings where community input is continuously sought.

## **Local Contributions**

- Through County leadership, Uintah County has created 6 Special Service Districts which are non-taxing districts. Their funding comes from the mineral royalties on federal land. These special districts have been established to provide essential services (roads and transportation, animal control, recreation, health care, fire suppression, and community impact alleviation) and are central to community development. These special districts collectively represent approximately \$30million of annual investment for community services.
- Vernal City will address business licensing fees but needs to do this at the scheduled budget hearings for the 2011 budget year.
- The issuance of business licenses has already been expedited by Vernal City and Naples City, but the process will be evaluated on an ongoing basis and any needed improvements will be made.
- Uintah County, Naples City, Vernal City and the Vernal Area Chamber of Commerce have partnered together to fund an Vernal Area Economic Development Executive Director and the Vernal Area Chamber Director to help move the economy forward. This alliance brings all economic development into a single entity which is better positioned to help recruit and retain business, and serves as an advocate for new business.
- The SEED Uintah Basin Entrepreneur Forum has been established through efforts associated with Utah State University and with private business. Business and industry have access to the vast entrepreneurial resources of Utah State University and its local, regional, national and international networks.
- The Uintah Basin Association of Governments will provide revolving loan funds to qualifying businesses within the proposed Enterprise Zone.

- Uintah County has agreed to market the Enterprise Zone to all businesses within Uintah County. This will primarily be accomplished through editorial content in the Vernal Express and at Chamber meetings on a quarterly basis.
- The Vernal area Economic Development Director, Tammie Lucero, will take responsibility for supporting Ballard City in this effort.

## **Evaluation**

Much of the information needed to evaluate the success of the proposed enterprise zone is confidential and closely guarded by the Utah Tax Commission. We will evaluate the effectiveness of the Enterprise Zones by looking at various data sets: Department of Workforce Services, local government records, and direct feedback (through a written instrument) from new businesses as they establish themselves in the area.

## **Projected Benefits**

We project that companies targeted by this enterprise zone application will create 200 new jobs over the next five years. We further project that the wage levels of these companies will exceed the county average by 125% and that there will be \$20,000,000 in new investment in new plant, equipment and depreciable assets.

## **Ability to Implement Plan**

The Vernal area has identified education, small business assistance, business retention and expansion, technology infrastructure development and expansion, entrepreneurial development, natural resource exploration and development, agriculture, and recreation and tourism marketing among its current economic development priorities. With the assistance of government agencies, institutions of higher learning, and private interests, the Vernal area will continue to assess current conditions and identify opportunities for expanding existing in-County businesses and markets.

A key to stimulating and sustaining small business development is continued assistance through mentoring, training and incubator programs. Currently, Vernal area entrepreneurs have several resources available including but not limited to, the Vernal Area Economic Development Executive Director, the Uintah Basin Applied Technology College, Utah State University and the SEED Uintah Basin Entrepreneur program. The Vernal area will continue to support and market small business assistance programs, services and resources. The combination of all these elements suggests an ability to implement this plan that equals or surpasses many rural counties and communities.

## **Targeting**

As previously noted, targets of the General plans include businesses associated with natural resources, education, small business assistance, agriculture, business retention and expansion and recreation and tourism. Another encompassing target is entrepreneur development. These targets were selected after a careful review of local assets to enhance our potential for success.

## **Business Commitments**

At the present, there are no businesses that have made commitments associated with the Enterprise Zone Tax Credits. However, current efforts relating to oil shale development and SEED Uintah Basin suggest significant new business as mining efforts materialize. In addition, there are three businesses that have indicated that they will be expanding and benefiting from Enterprise Zone Tax Credits. These are OSEC, Red Leaf and Enshale. As we have informally discussed enterprise zone tax credits with businesses, we find new opportunities almost every time we meet and anticipate immediate activity once the proposed zone is designated and our marketing efforts begin.

### **Open Meetings**

Resolutions supporting the submission of this application were passed in duly posted, open meetings of the Uintah County Commission and the Vernal City Council, Naples City Council and Ballard City Council. These resolutions are attached and also on file and available for review upon request through Tammie Lucero the Vernal Area Economic Development Executive Director.