

RESOLUTION NO. 2019-21

A RESOLUTION OF THE VERNAL CITY COUNCIL SUPPORTING SUBMISSION OF AN APPLICATION FOR ENTERPRISE ZONE DESIGNATION FOR VERNAL CITY.

WHEREAS, Vernal City, Uintah County, Utah continues to experience economic challenges and desires to encourage the creation of jobs and to promote sustainable wages;

WHEREAS, The State of Utah, by and through the Governor's Office of Economic Development empowers and authorizes municipalities to create Enterprise Zones;

WHEREAS, Enterprise Zones are established to encourage community investment to stimulate and strengthen economic development, job growth, and competitive wages; and

WHEREAS, the Vernal City will advertise its intent to apply to the State of Utah for designation of the Uintah Enterprise Zone pursuant to 9-2-404-415 UCA, and will hold an open public meeting to receive input from the residents of the City regarding this designation, and;

WHEREAS, Vernal City is eligible to submit an application for designation as a Utah Enterprise Zone.

THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF VERNAL, UINTAH COUNTY, THE FOLLOWING:

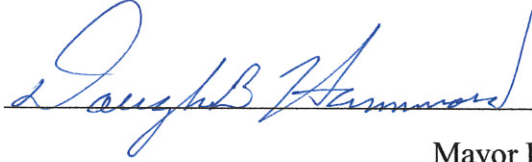
SECTION 1. Vernal City hereby supports the submission of this proposal for Enterprise Zone Application to the Utah Department of Community and Economic Development. (Attachment A)

SECTION 2. A copy of the application and this Resolution shall be on file with the Vernal City Office for public review.

SECTION 3. Severability. The provisions of this resolution shall be severable and if any provision thereof or the application of such provision under any circumstances is held invalid, it shall not affect any other provision of this resolution or the application in a different circumstance.

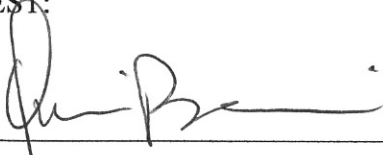
SECTION 4. Effective date. This resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED this 12 day of November, 2019



Mayor Doug Hammond

ATTEST:



Quinn Bennion, City Recorder



Memo: Enterprise Zone Tax Credit 3-year Historical Record
To: Ginger Chinn

Executive Summary

There are 100 active Enterprise Zones established in 24 rural counties and 76 rural cities and towns. This report reviews three years of tax credit claims by businesses in these Enterprise Zones (2016, 2017, and 2018).

How many tax credits have been claimed?

Over the three-year period there have been a total of 2,214 tax credit claims.

- \$25,065,655 in tax credits disbursed against \$350,805,750 in private capital investments
- \$500,015 in tax credits disbursed against 258 jobs created

What rural counties are using the Enterprise Zone?

The top 5 counties (including Enterprise Zones in cities/towns within those counties) with the greatest number of claims are:

- Uintah
- Box Elder
- Duchesne
- Sevier
- Sanpete

From these 5 counties, businesses have made 1753 of the 2214 claims overall, or approximately 79% of all claims over the 3-year span. Uintah and Box Elder counties, alone, account for approximately 48% of all claims.

What Industries are using the Enterprise Zone?

Of 25 industry sectors, the top 5 industries, across all NAICS codes using the Enterprise Zone tax credit are (in order from most):

- Agriculture, Forestry, Fishing, and Hunting
- Real Estate and Rental and Leasing
- Construction
- Mining, Quarrying, and Oil and Gas Extraction
- Transportation and Warehousing

The agriculture sector more than doubles the number of claims than the next industry sector, year in and year out, and accounts for 31% of all claims over the 3-year span.

Types of equipment being purchased

Given the top 5 industries making claims, equipment purchases are most likely machinery related to the means of production within those industries (farming, constructions, mining, transport, etc.). The Enterprise Zone also incentivizes the rehabilitation of blighted and once vacated buildings as well as capital investments in newly constructed buildings.

Ratio of Capital Investment claims to Job Creation claims

- 8.6:1

Ratio of Capital Investment claims disbursed to Job Creation claims disburse in dollar value

- 701.59:1