



# ENTERPRISE ZONE TAX CREDIT

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The Utah Enterprise Zone Tax Credit program promotes economic development and business growth in Utah's rural areas. Under this program, qualifying businesses locating to or expanding in designated Enterprise Zones may claim state of Utah tax credits.

## Enterprise Zone Designation

An Enterprise Zone designation is based on the need for development and other economic distress factors. A zone designation is an area identified by local elected officials.

The following entities are eligible to apply:

- A municipality that has a population that does not exceed 20,000 within a county that has a population of not more than 70,000.
- A county that has a population of not more than 70,000.
- An Indian tribe within an Indian reservation.

**Note: No new Enterprise Zone Designations will be granted after December 31, 2020.**

## What Are the Tax Credits?

There are two types of tax credits available to qualifying businesses under the Enterprise Zone. They are the Job Creation Tax Credit and the Capital Investment Tax Credit.

### Job Creation Tax Credit

- A \$750 tax credit for each new full-time position created within the Enterprise Zone.
- An additional \$500 tax credit if the new position pays at least 125% of the county average monthly non-agricultural payroll wage.
- An additional \$750 tax credit if the new full-time employee position created within the enterprise zone in a business entity that adds value to agricultural commodities through manufacturing or processing;
- An additional \$200 tax credit may be claimed for two consecutive years for each new full-time employee position created within the enterprise zone that is filled by an employee who is insured under employer-sponsored health insurance, and the employer pays at least 50% of the premium cost for the year for which the credit is claimed.

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## Capital Investment Tax Credit

- A tax credit of 25% of the first \$200,000 spent on rehabilitating a building in the enterprise zone that has been vacant for two years or more, including that the building has had or contained no occupants, tenants, furniture, or personal property for two years or more, in the time period immediately before the rehabilitation; and
- An annual investment tax credit may be claimed in an amount equal to 5% of the first \$750,000 qualifying investment in plant, equipment, or other depreciable property.

## Additional Information

- Tax credits are available to eligible businesses in designated enterprise zones from the beginning of the tax year in which a zone is designated.
- Under the Job Creation Tax Credit, a business may claim up to 30 full-time positions per tax year.
- The full amount of a tax credit may be carried over for three years.
- Businesses closing operations in one rural area and locating in another rural area may not claim tax credits under this program.
- Construction jobs are not eligible for Job Creation Tax Credits.
- Retail businesses (NAICS 44 and 45) and public utilities are not eligible to claim either the Job Creation or Capital Investment Tax Credits.

The Enterprise Zone Act is located in Utah Code 63N-2-201 through 215. For more questions regarding this program, please contact [goedruralprograms@utah.gov](mailto:goedruralprograms@utah.gov).

*Please visit [locate.utah.gov](https://locate.utah.gov) to see maps of current Enterprise Zones designations.*

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