

Utah Site Selection Quarterly

A PUBLICATION OF THE ECONOMIC DEVELOPMENT CORPORATION OF UTAH



The newly restored interior of the Utah State Capitol Building in Salt Lake City. Image of Utah State Capitol by David Terry

2009 Legislative Session Yields Rewards for Economic Development

Utah's 2009 legislative session was remarkable for economic initiatives.

Jeff Edwards, EDCUtah CEO and President, and Todd Brightwell, EDCUtah Vice President of Business Development, recently discussed the progressive work of the Utah State Legislature and Governor Jon Huntsman. "Clearly, the clean energy initiatives, film incentives and changes to our alcohol laws were some of the best achievements of the session," says Jeff Edwards. Edwards emphasizes the legislature's forethought and fiscal responsibility by accomplishing a balanced budget with no increase in taxes. "Utah is one of the only states in the nation with a rainy day fund and one of the few states with a triple-A bond rating," Edwards explains. These tools give Utah a real edge when it comes to progressive initiatives. Brightwell sees the work done during the legislative

session as "paving the way for more great projects to Utah."

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Leadership in the Governor's Office of Economic Development (GOED) echoed the same sentiment. "We achieved some huge successes, especially in light of the tough budget decisions that had to be made," says Jason Perry, Executive Director of the Governor's Office of Economic Development. Perry spent a significant amount of time on Capitol Hill during the 45-day session, testifying during committee hearings and helping to shepherd a variety of bills through the legislative process.



Greetings from Utah— It is my pleasure to introduce Utah Site Selection Quarterly, a newsletter aimed at informing our current and prospective clients about economic

development happenings in Utah. We look to provide you with a quarterly update on activity in the State, complete with details on projects, legislation, real estate and tax incentives. Our goal is to ensure that all the information contained within the newsletter is timely, accurate and relevant to your business.

Utah Site Selection Quarterly will be themed around the four following topics:

- **Winter:** Annual review of Utah's commercial real estate market.
- **Spring:** Legislative changes affecting economic development in Utah.
- **Summer:** Corporate recruitment activity year-in-review.
- **Fall:** A report on the state of economic development in Utah.

In addition to the feature story, the quarterly real estate spotlight is intended to make you aware of unique or interesting property that is currently available in the Utah market. In the future, we hope to migrate the newsletter to an online format. If you would like to continue receiving it, please get us updated contact information with your current e-mail address by e-mailing Amie Salazar asalazar@edcutah.org or calling 801.324.8842.

As with all we do, input from you is invaluable. Please provide feedback on how we can make this a better tool for you.

For our inaugural issue, I think you will see that Utah is in prime position to meet your economic development needs and challenges. Our strength is in our diversity, youth and forward-thinking leadership. I invite you to read on about all Utah has to offer and hope to see you in the near future.



Jeff Edwards, President & CEO, EDCUtah

“This is a year when it would have been easy to back away from economic development initiatives, and focus only on present needs,” Perry says. “It took a lot of courage and forethought for the legislature to consider the state’s future and pass these important measures.” By “important measures,” Perry is referring to a handful of bills that will have a dynamic impact on the state’s economy for years to come.

Here’s a summary of the legislation Edwards, Brightwell and Perry are so enthused about:

Utah is open for business in the clean energy economy (HB 430) –The measure allows GOED to establish renewable energy development zones and to offer tax credits to companies located in the zones. It also creates an incentive structure to recruit manufacturing and power generation facilities in the renewable energy industry. Perry says to think of the zones as research or technology parks for renewable energy, with an incentive program for companies innovating in clean energy or creating renewable energy-related products. Brightwell sees this bill providing flexibility for every project. “In essence, it gives Utah the ability to give 100% incentives rather than the previously capped amount,” says Brightwell. He goes on to say that “the Governor is committed to green energy which puts us at the forefront, compared to other states.” EDCUtah sees this as a clear message to the renewable energy industry that Utah is open for business.

Quasi government authority to develop a master plan for renewable energy production and transmission infrastructure (SB 76) – This bill includes the ability to apply for and seek out federal grants and bonds to pay for transmission lines that will bring renewable energy to the power grid. Edwards sees this piece of companion legislation as “the opportunity to get the products to market.” In conjunction with the utility companies, the renewable energy companies will now have the ability to get the power source to the power need. Brightwell emphasizes “this legislation can help as many as 13 current projects move through the pipeline more expeditiously.”

Removal of the mandate for economic development projects to set aside 20 percent of tax-revenue growth for affordable housing (SB 205) The bill does not prohibit funneling economic development TIF (EDA) funds toward affordable housing, but rather makes doing so optional. Brightwell sees removing this requirement as a “bonus for establishing EDAs in Utah. Without this requirement communities will have additional resources to apply to the creation of EDAs.” Edwards continues by explaining how this change actually “allows more projects to go forward, in turn actually creating more funds

for affordable housing via tax revenues and job creation. And that is really what we are in the business of doing – job creation.”

Utah’s Legislature has taken the quirkiness out of the state’s liquor laws – (HB 347 and SB 187) “This is important to business recruitment,” says Perry. “Previously, we spent a significant portion of time explaining the liquor laws to companies interested in Utah. We won’t have to do that anymore.” Among other things, the measure eliminates the private club and mandatory membership requirement.

“This is definitely change for the better. Utah is a friendly place for visitors and residents alike. The bills make Utah’s liquor laws more similar to other states and is going to be really advantageous to recruitment efforts, especially in pursuing relocations for companies moving executives and large numbers of employees,” says Edwards.

The motion picture incentive (SB 14) “Until this legislation was passed, Utah was at a competitive disadvantage in recruiting big films here,” says Perry. “We missed ‘Transformers,’ ‘Wild Hogs,’ ‘GI Joe’ and a host of other big budget films that wanted to come to Utah but didn’t because of the state’s previously weak incentive program.” SB 14 raises the incentive to 20 percent of a film’s total expenditure in the state and removes the \$500,000 cap that had been in place. The new legislation clears the way for the state to recruit the production of big films, television

USTAR Utah Science, Technology and Research Initiative- (SB 240) – This bill adds \$33 million to USTAR. Perry says USTAR is already showing great successes in technology development and transfer within the cluster areas identified by Governor Huntsman and the new money will help USTAR leaders continue to recruit some of the country’s greatest minds to Utah. Edwards goes on to commend Governor Huntsman for “this insightful move to create near-term and long-term job creation.” Edwards sees this as the most far reaching impact we can have on our economy. “When USTAR was created, no one expected to see new job creation until year five. We were pleasantly surprised to see significant new jobs in year one. The dividends will continue for decades,” Edwards explains.

In retrospect, Perry says the 2009 Legislature has thoughtfully advanced Utah’s economic development position, despite difficult economic circumstances. “Utah is a very well managed state. Actually, it is the most competitive state in the nation, according to the most recent ALEC-Laffer State Economic Competitiveness Index. There really is no good reason why a company would not want to move to Utah and our business community and government leaders should feel proud of the climate they have created—they have been very thoughtful about the future.”

Edwards concludes saying “under the leadership of Governor Jon Huntsman and the

What is USTAR?

In 2006, the Legislature passed Senate Bill 75 creating the Utah Science Technology and Research (USTAR) initiative.

This measure provided \$250 M in funding for strategic investments at Utah State University and the University of Utah. 15 world-class research teams have arrived and two new state-of-the-art interdisciplinary R and D facilities are underway to form first-rate science, innovation, and commercialization teams across the State. For more details, visit www.innovationutah.com

series, made-for-television movies and even film studios. The bill provides for motion picture incentives in the form of cash rebate incentives for small budget productions and refundable tax credits for larger budget productions. Governor Jon Huntsman put \$15 million of economic stimulus money into the incentive fund to help recruit film studios, and Perry says he expects to see at least one such studio to locate here because of the legislation.

Architectural rendering of new USTAR building at the University of Utah.



cooperation of the Utah Legislature, Utah continues to strive in economic development and is primed for the future. We have always had a lot to offer. These substantial legislative initiatives keep Utah on track for success.”

Need more information? Check out EDCUtah’s recent Legislative Overview, www.edcutah.org/legislature.

Recent Recruiting Wins

Hexcel

Composites Manufacturing
West Valley City
350 new jobs
2,500,000 square feet
\$440M capital investment
\$18.7M local tax rebate

UPC Wind Management, LLC

Wind Farm
Milford City
25 new jobs
100 acres
\$400M capital investment

eBay

Data Center
South Jordan
50 new jobs
250,000 square feet
\$334M capital investment
\$27.3M state tax credit

SA International

Salt Lake City
129 new jobs, 33 retained jobs
30,000 square feet
\$500,000 capital investment
\$1,782,701 state tax credit

Specialized Bicycle Components

Salt Lake City
150 retained jobs
50,000 square feet

Duncan Aviation

Aerospace
Provo City
657 new jobs
320,000 square feet
\$58M capital investment
\$6.6M state tax credit

Cephalon, Inc.

Pharmaceutical Manufacturing
Salt Lake City
50 new jobs
40,000 square feet
\$18M capital investment
\$1.6M state tax credit

Sun Products/Huish Detergents, Inc.

Manufacturing
Salt Lake City
80 new jobs, 183 retained jobs
91,000 square feet
\$14.6M capital investment
\$1.6M state tax credit
\$900K post performance state cash grant

Nelson Laboratories, Inc.

Life Sciences Manufacturing
Taylorsville City
350 new jobs, 350 retained jobs
48,000 square feet
\$13.7M capital investment
\$2M state tax credit

TopTen REVIEWS, Inc.

Information/IT
Ogden City
160 new jobs, 62 retained jobs
28,000 square feet
\$8M capital investment
\$750K state tax credit

Boart Longyear

Manufacturing
South Jordan City
215 new jobs, 250 retained jobs
51,000 square feet
\$5M capital investment
\$3M state tax credit

UTAH RANKINGS

For up to date rankings and links to the headlines below concerning Utah's prominence in Economic Development, please visit: edcutah.org/news.php

05.06.09

Utah Ranked No. 1 for Expected Economic Recovery.
utahbusiness.com

04.28.09

Milken Institute Ranks Utah #1 for Dynamism.
milkeninstitute.org

03.30.09

Utah's economic outlook is No. 1
deseretnews.com

03.27.09

BusinessWeek Names Provo as the Best Place for Starting a Business in Utah.
businessweek.com

03.19.09

New Report Shows Path to Economic Recovery for States.
businesswire.com

03.19.09

Utah first in economic competitiveness.
stateline.org

03.16.09

Provo Ranked #1 Best Metro City.
bizjournals.com

03.11.09

Gallup poll says Utah is happiest state in U.S.
msnbc.com

03.11.09

Forbes reports Utah Best Places to Live.
forbes.com

11.21.08

Beacon Hill Study Ranks Utah the 2nd Most Competitive State.
beaconhill.com

10.06.08

Logan, Provo & Salt Lake City in top 25 Best Places to Find a Job.
msn.careerbuilder.com

09.23.08

Why Utah's Economy is Soaring Above Its Neighbors.
economist.com

09.10.08

Milken Study ranks Provo-Orem #1 in job growth. Salt Lake City ranked #3.
deseretnews.com

Real Estate Spotlight

Salt Lake City might pale in comparison to the high-rise office towers of Chicago, but it's a Chicago commercial real estate development firm that has set its sights on Salt Lake City and will soon change the city's skyline forever.

The new 22-story office tower—222 South Main—is Salt Lake City's most exclusive office space and is scheduled to be completed by the end of this year. Each office floor will feature 22,000 square feet of column-free space, complete with nine-foot ceilings. The ground floor will house 9,000 square feet of retail space. Roughly 20 percent of the tower's 425,000 rentable square feet of office space has already been leased, according to CB Richard Ellis, the listing agent for 222 South Main.

The building was designed by the internationally-acclaimed architectural firm of Skidmore, Owings and Merrill and has been designed to the highest environmental standards. When completed, it is anticipated that the building will be awarded the Leadership in Energy and Environmental Design (LEED) Silver certification, making the building Salt Lake City's first LEED Silver certified high rise built from the ground up.



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ECONOMIC DEVELOPMENT RESOURCES

EDCUTah Web-site	www.edcutah.org
Utah Governor's Office of Economic Development (GOED)	www.business.utah.gov
Utah Economic Developer Directory	www.edcutah.org/solutionproviders
Utah Sure Sites - Real Estate	www.utahsuresites.com
EDCUTah Economic Review Weekly Newsletter	www.edcutah.org/newsletter
EDCUTah Legislative Review	www.edcutah.org/legislature
USTAR	www.innovationutah.com

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Please note: This newsletter is produced to give site selectors and corporate decision-makers the best opportunity to stay up to date on ED news in Utah. This publication is simultaneously e-mailed to site selectors and corporate decision-makers within the EDCUtah database. The e-mail version will make linking to resources and contacts convenient and user friendly. In the future, this newsletter will only be produced for e-mail and the web. If you did not receive the e-mail version of our newsletter, but would like to, please contact Amie Salazar at asalazar@edcutah.org or 801-328-8842.



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THE PARTNERSHIP FOR UTAH'S GROWTH

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