

INCENTIVES SPUR UTAH'S GROWTH

State's Red-Carpet Treatment Toward Businesses Is a Catalyst for Job Gains

By: Jim Carlton



A view of Salt Lake City's skyline last month. Utah gained 16,500 jobs in October, its third straight month of year-to-year gains.

SALT LAKE CITY—The recent recession knocked business-friendly Utah off its perch as a jobs leader, but now the Beehive State's aggressive approach to court businesses has helped fuel job growth that ranks among the highest in the West and the nation.

That dynamic can be seen in Lehi, a suburb here in the state's capital, where software company [Adobe Systems Inc.](#) [ADBE -0.03%](#) is set to build a new technology campus that could create up to 1,000 new jobs over the next 20 years. Adobe, based in San Jose, Calif., announced in August it would open the new campus after Utah offered the company a \$40.2 million tax credit based on the company meeting its performance goals.

"Utah's leaders understand a simple truth: As businesses go, so goes Utah," said Brad

Rencher, general manager of Adobe's Omniture unit, which is undergoing the expansion in Lehi for a variety of other reasons and is currently located in Orem.

The aggressive business approach has been spearheaded by Republican Gov. Gary Herbert, who pledged to make economic development his top priority when he was inaugurated in August 2009. To show he was serious, Mr. Herbert appointed as his chief of staff last year Jason Perry, the former executive director of the Governor's Office of Economic Development.

Mr. Herbert said the state seeks to attract businesses by offering money incentives and better support from local universities. The University of Utah, for instance, a year ago put in five new engineering master's programs to help meet demand for workers in Utah's growing industry for medical devices, said Taylor Randall, dean of its business school.

"It's like playing poker: if you have four aces, you should play them," Mr. Herbert said.

Adobe's expansion is just one of a slew of deals that the governor's economic-development office has helped broker recently as the state seeks to come out of the downturn. Before the recent recession, Utah led the nation in job growth. To resume that mantle, it is now pursuing an unusual approach combining tax breaks, help in securing grants and other tactics to lure businesses.

The initiatives are helping to fuel the state's job growth. In October, Utah gained 16,500 jobs, up 1.4% from a year earlier and its third straight month of year-over-year gains, according to Bureau of Labor Statistics data. That outpaces the rest of the nation, where job growth averaged 0.5% in October. Indeed, Utah was the fastest-growing state in job growth across the Intermountain West, which excludes West Coast states, Alaska and Hawaii. Utah also is among the fastest

Utah's business-friendly approach also helped the state earn the No. 2 ranking this year behind Virginia in Pollina Corporate Real Estate Inc.'s annual rating of pro-business states. The Park Ridge, Ill., corporate relocation firm said only Virginia outranked Utah in its comparisons.

Apart from Adobe, Utah's other recent business wins include medical-device maker [Edwards Lifesciences Corp.](#) [EW - 0.10%](#) of Irvine, Calif., which in October accepted \$14.5 million in state and local cash incentives to move from Midvale, Utah, to a larger facility in Draper with up to 1,000 more employees. Since 2007, [Goldman Sachs Group Inc.](#) [GS - 1.18%](#) has also more than tripled its Utah work force. And IM Flash Technologies LLC, a joint venture of [Micron Technology Inc.](#) [MU +2.24%](#) and [Intel Corp.](#), [INTC -1.07%](#) is also growing its Utah presence.

Economists say Utah's performance will likely help the Intermountain West region regain its standing as one of the nation's fastest-growing areas. "If you look at the next 10 years, the mountain West will very likely be a leader in employment and population growth," said Jeff Thredgold, economic consultant to Salt Lake City's [Zions Bancorporation](#) [ZION -0.86%](#).

Utah isn't out of the woods. Despite its job growth, the state's unemployment rate in October rose to a 25-year high of 7.6%, up from 6.7% a year ago, according to the BLS. Utah Chief Economist Juliette Tennert attributed the rise to an economic upturn that has prompted long-term unemployed workers who gave up looking for jobs to get back into the hunt, which has made the jobless rate go up. Utah's unemployment rate remains below the national average of 9.6% in October.

Utah's construction sector also is soft, with the value of residential building permits down 5.8% so far this year as of September compared to a year ago, according to the University of Utah. Ivory Homes, a large builder in Salt Lake City, expects to close about 500 new homes this year, down 56% from the 1,128 it closed in 2007, said Chief Executive Officer Clark Ivory.

Still, out-of-state employers said they are impressed by the state's pro-business strategy. "Utah is one of the most aggressive states in working with the business community to understand what matters to them," said Keyvan Esfarjani, co-executive officer of IM Flash. The company has grown its work force in the state to 1,500 since opening a fabrication plant in Lehi five years ago; it plans to hire at least 250 more in the fiscal year that ends next August.

"More so than any incentives," Mr. Esfarjani added, "what makes Utah attractive to business is the state's stable, predictable regulatory and tax environment."

Write to Jim Carlton at jim.carlton@wsj.com