

HOUSE BILL NO. 53

INTRODUCED BY R. PEPPERS

BY REQUEST OF THE DEPARTMENT OF COMMERCE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE BIG SKY ECONOMIC DEVELOPMENT PROGRAM BY EXPANDING THE ELIGIBLE APPLICANT POOL AND INCREASING THE FUNDING LIMITS FOR EACH JOB CREATED; EXTENDING RULEMAKING AUTHORITY; AMENDING SECTIONS 90-1-201, 90-1-202, 90-1-203, 90-1-204, AND 90-1-205, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 90-1-201, MCA, is amended to read:

"90-1-201. Big sky economic development program -- definitions. (1) (a) There is a big sky economic development program that consists of:

- (i) the big sky economic development fund established in 17-5-703; and
- (ii) the economic development special revenue account provided for in 90-1-205.

(b) Interest and income from the big sky economic development fund may be used to administer the big sky economic development program and to provide financial assistance for qualified economic development purposes under this part.

(2) As used in this part, the following definitions apply:

~~(a) "Certified regional development corporation" has the meaning provided in 90-1-116.~~

(a) "Business" means a business entity that is registered with the Montana secretary of state and is in good standing.

(b) "Department" means the department of commerce provided for in 2-15-1801.

(c) "Economic development organization" means:

(i) ~~(A)~~ a private, nonprofit corporation, as provided in Title 35, chapter 2, that is exempt from taxation under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code, 26 U.S.C. 501(c)(3) or 501(c)(6);

~~(B)(ii) an entity a certified by the department under regional development corporation as defined in 90-1-116; or~~

~~(C)(iii) an economic development entity established by a local government or a tribal government; or~~



1 ~~(ii)(iv)~~ an entity actively engaged in economic development and business assistance work in a region of
2 the state.

3 (d) "Employee benefits" means health, welfare, and pension contributions that meet the requirements
4 of the Employee Retirement Income Security Act of 1974, 29 U.S.C. 1001, et seq.

5 ~~(e)~~ "Good-paying job" means a job paying at least 140% of the county average hourly wage for a
6 Montana job, excluding employee benefits, based on the most current data from the Montana department of labor
7 and industry.

8 ~~(e)(f)~~ "High-poverty county" means a county in ~~this state in which 14% or more of people of all ages are~~
9 ~~in~~ Montana that has a poverty rate greater than Montana's average poverty rate as determined by the U.S. bureau
10 of the census estimates for the most current year available.

11 (g) "Job creation project" means proposals to fund the creation of net new jobs, including but not limited
12 to:

13 ~~(i)~~ a reduction in the interest rate of a commercial loan for the expansion of a basic sector company;

14 ~~(ii)~~ a grant or low-interest loan for expenses as defined by rule for a basic sector company;

15 ~~(iii)~~ rental assistance or lease buy-downs for a relocation or expansion project for a basic sector company;

16 or

17 ~~(iv)~~ equipment purchases.

18 ~~(f)(h)~~ "Local government" means a county, consolidated government, city, town, or district or local public
19 entity with the authority to spend or receive public funds.

20 ~~(i)~~ "Planning project" means an activity that includes supporting business improvement districts, central
21 business district redevelopment, industrial development, creation and maintenance of baseline community
22 profiles, feasibility studies, or other studies or projects related to advancing business growth or retention.

23 ~~(g)(i)~~ "Tribal government" means any one of the seven federally recognized tribal governments of
24 Montana and the Little Shell band of Chippewa Indians."
25

26 **Section 2.** Section 90-1-202, MCA, is amended to read:

27 "**90-1-202. Purpose.** (1) The legislature finds and declares that economic development is a public
28 purpose. The purpose of the big sky economic development program is to assist in economic development for
29 Montana that will:

30 (a) ~~create~~ encourage the creation of good-paying jobs for Montana residents;

- 1 (b) promote long-term, stable economic growth in Montana;
- 2 (c) encourage local economic development organizations;
- 3 (d) create partnerships between the state, local governments, tribal governments, and local economic
- 4 development organizations that are interested in pursuing these same economic development goals;
- 5 (e) retain or expand existing businesses;
- 6 (f) provide a better life for future generations through greater economic growth and prosperity in
- 7 Montana; and
- 8 (g) encourage workforce development, including workforce training and job creation, in high-poverty
- 9 counties by providing targeted assistance, including planning projects.
- 10 (2) As provided in 30-20-206, manufacturing ammunition components is a qualified economic
- 11 development purpose."
- 12

13 **Section 3.** Section 90-1-203, MCA, is amended to read:

14 **"90-1-203. Types of financial assistance available.** (1) The department shall provide for and make

15 grants and loans available to local governments, ~~and tribal governments,~~ and economic development

16 organizations for economic development projects ~~and to certified regional development corporations~~ from the

17 money in the economic development special revenue account provided for in 90-1-205.

18 (2) A grant or loan may not be used for a project that would result in the transfer or relocation of jobs from

19 one part of the state to another part of the state."

20

21 **Section 4.** Section 90-1-204, MCA, is amended to read:

22 **"90-1-204. Priorities for funding -- rulemaking.** (1) Under the big sky economic development program

23 provided for in 90-1-201, ~~the department must receive~~ proposals for grants and loans from local governments,

24 ~~and tribal governments,~~ and economic development organizations must be submitted to the department. ~~A local~~

25 ~~government shall work with an economic development organization on a proposal. The department shall work~~

26 ~~with the local government and the economic development organization or with an applicant tribal government in~~

27 ~~preparing cost estimates for a proposed project. In reviewing proposals, the department may consult with other~~

28 ~~state agencies with expertise pertinent to the proposal.~~

29 (2) Funding for each expected job may not exceed \$7,500, except for a job in a high-poverty county,

30 which may not exceed \$10,000, or for a good-paying job, which may be eligible for up to an additional \$2,500.

1 (3) (a) A grant or loan under the big sky economic development program may be made only for a new
 2 job that has an average weekly wage that meets or exceeds the lesser of 170% of Montana's current minimum
 3 wage or the current average weekly wage of the county in which the employees are to be principally employed.
 4 For the purposes of this subsection (3)(a) and subject to subsection (3)(b), the department may consider the
 5 value of employee benefits in determining whether the wage requirements have been met.

6 (b) Nothing in subsection (3)(a) exempts an employer from minimum wage requirements.

7 ~~(2)(4) (a) The department shall adopt rules necessary to implement the big sky economic development~~
 8 ~~program. In adopting rules, the department shall look to the rules adopted for the treasure state endowment~~
 9 ~~program and other similar state programs. To the extent feasible, the department shall make the rules compatible~~
 10 ~~with those other programs. To the extent feasible, the department shall employ an approach pertaining to the use~~
 11 ~~of funds so that, except as provided in subsection (2)(b), the needs of rural areas are balanced with the needs~~
 12 ~~of the state's urban centers.~~

13 ~~———— (b) For high-poverty counties, the department shall employ an approach pertaining to the use of funds~~
 14 ~~that is intended to lower poverty levels in the county to a percentage at which the county no longer is defined as~~
 15 ~~a high-poverty county.~~

16 ~~(c)(b) The rules must provide for the types of uses of funds available under the big sky economic~~
 17 ~~development program and for distribution methods for financial assistance available to local governments, tribal~~
 18 ~~governments, and economic development organizations. The rules must, for job creation projects, provide for~~
 19 ~~distribution based on the number of jobs that are expected to be created because of the funding. The types of~~
 20 ~~uses of funds by:~~

21 ~~———— (i) local governments and tribal governments include but are not limited to:~~

22 ~~———— (A) a reduction in the interest rate of a commercial loan for the expansion of a basic sector company;~~

23 ~~———— (B) a grant or low-interest loan for relocation expenses for a basic sector company; and~~

24 ~~———— (C) rental assistance or lease buy-downs for a relocation or expansion project for a basic sector~~
 25 ~~company;~~

26 ~~———— (ii) a certified regional development corporation or a tribal government include:~~

27 ~~———— (A) support for business improvement districts and central business district redevelopment;~~

28 ~~———— (B) industrial development;~~

29 ~~———— (C) feasibility studies;~~

30 ~~———— (D) creation and maintenance of baseline community profiles; and~~

1 ~~_____ (E) matching funds for federal funds, including but not limited to brownfields funds and natural resource~~
 2 ~~damage funds.~~

3 ~~_____ (d) (i) The rules must provide for distribution methods for financial assistance available to local~~
 4 ~~governments and tribal governments. The rules must provide for distribution based upon the number of jobs~~
 5 ~~expected to be created because of the funding.~~

6 ~~_____ (ii) Funding may not exceed \$5,000 for each expected job, except that funding for a project in a~~
 7 ~~high-poverty county may not exceed \$7,500 for each expected job.~~

8 ~~(iii)(c)~~ The rules must require equal matching funds for a grant or loan, except that the rules for a grant
 9 or a loan in a high-poverty county may allow a 50% to 100% match requirement for the high-poverty county.

10 ~~(e)(d)~~ The rules may provide for greater incentives for a high-poverty county.

11 ~~(f)(e)~~ The rules ~~must~~ may provide for the full or partial repayment of a grant if the new jobs or some of
 12 the new jobs for which a grant is given are not created.

13 ~~(g) A grant or loan under the big sky economic development program may be made only for a new job~~
 14 ~~that has an average weekly wage that meets or exceeds the lesser of 170% of Montana's current minimum wage~~
 15 ~~or the current average weekly wage of the county in which the employees are to be principally employed. For~~
 16 ~~purposes of this subsection (2)(g) and subject to subsection (2)(h), the department may consider the value of~~
 17 ~~employee benefits in determining whether the wage requirements have been met.~~

18 ~~_____ (h) Nothing in subsection (2)(g) exempts an employer from minimum wage requirements."~~

19

20 **Section 5.** Section 90-1-205, MCA, is amended to read:

21 **"90-1-205. Economic development special revenue account.** (1) There is an economic development
 22 state special revenue account. The account receives earnings from the big sky economic development fund as
 23 provided in 17-5-703 and retains earnings and interest accrued on the account. [Subject to legislative fund
 24 transfer,] the money in the account may be used only as provided in this part.

25 (2) The money in the account is statutorily appropriated, as provided in 17-7-502, to the department. ~~Of~~
 26 ~~the~~ The money that is deposited in the account that is not used for administrative expenses must be allocated
 27 for distribution as follows:

28 (a) 75% ~~must to be allocated~~ used for job creation efforts for distribution to local governments and tribal
 29 governments ~~to be used for job creation efforts;~~ and

30 (b) 25% ~~must to be allocated~~ used for planning projects for distribution to ~~certified regional development~~

1 corporations, economic development organizations ~~that are located in a county that is not part of a certified~~
2 ~~regional development corporation, local governments,~~ and tribal governments. (Bracketed language in subsection
3 (1) terminates June 30, 2019--sec. 28, Ch. 6, Sp. L. November 2017.)"

4
5 NEW SECTION. **Section 6. Notification to tribal governments.** The secretary of state shall send a
6 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
7 Chippewa tribe.

8
9 NEW SECTION. **Section 7. Effective date.** [This act] is effective on passage and approval.

10 - END -