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HB 133

GREAT FALLS
TRIBUNE
A PULITZER PRIZE-WINNING NEWSPAPER

OPINION

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Much-needed venture capital bill should pa

OUR OPINION

Small, entrepreneurial
usiness could well shape
ontana's future.
Across the country, small
ompanies create three out
every four new jobs.
When they grow,
ey add to the job
ool, the tax base
nd the community
a whole.
When they fail —
nd about half do — one big
ason is the lack of suffi-
ent money.
Entrepreneurs in many
rts of the country can
ek out venture capital to
elp fund their growth. But that kind of seed money is almost unheard of in Montana.

Senate Bill 133 is an attempt to change that.

Wednesday the Senate passed the bill on a 31-18 vote. We urge the House to approve it as well, then pass it along to Gov. Schweitzer for signing.

Based on a very successful model in Oklahoma, SB133 creates a "fund of funds" to bring private investment to Montana.

Some $60 million from private institutions and investors would capitalize the equity fund.

The money would be invested in a number of venture capital partnerships that support a broad range of capital to entrepreneurs and commit to investing in Montana.

The fund has two goals:

- Provide a bond-like rate of return — probably 4 or 5 percent.
- Evaluate investments on the basis of their impact on Montana.

There's no question that businesses here are desperate for new capital.

A study last summer by Credit Suisse First Boston determined that Montana has the immediate need of $50 million to $250 million for small businesses.

Establishing the equity fund sets up the infrastructure — already in place in many other states — to provide that kind of investment.

The downside? If the fund fails to reach its guaranteed rate of return, the investors receive state tax credits.

In a decade of operation in Oklahoma, that's never happened.

In fact, with an investment of $100 million in private funds, that state's program is projected to return $400 million in new capital for businesses.

SB133 has broad support from Montana business organizations.

"This bill is truly non-partisan and could easily be the most significant economic development legislation passed this season," according to a statement from the Montana Ambassadors, an organization promoting a strong business climate in the stat

The fund would
aged as a private
with appropriate
oversight.

Supporters say
the next 10 years
provide $120 milli
more of new inves
capital for small b
in the state.

SB133 facilitates
of public-private
ship that's needed
nudge Montana's
forward.

It deserves the
port of the Monta
lature and Gov. S