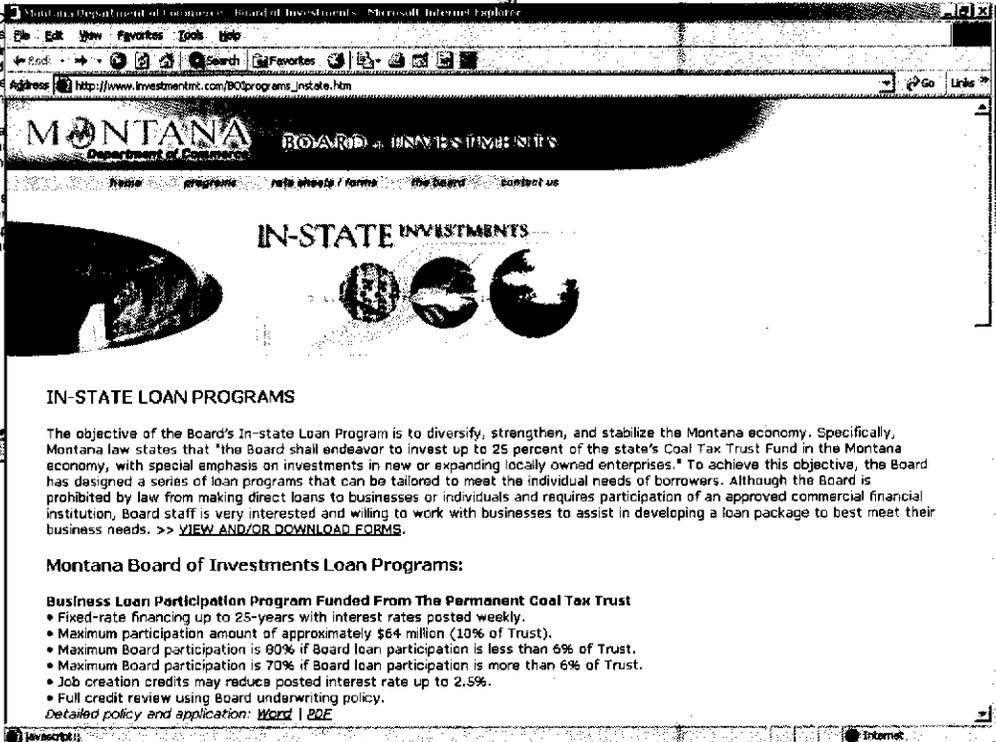
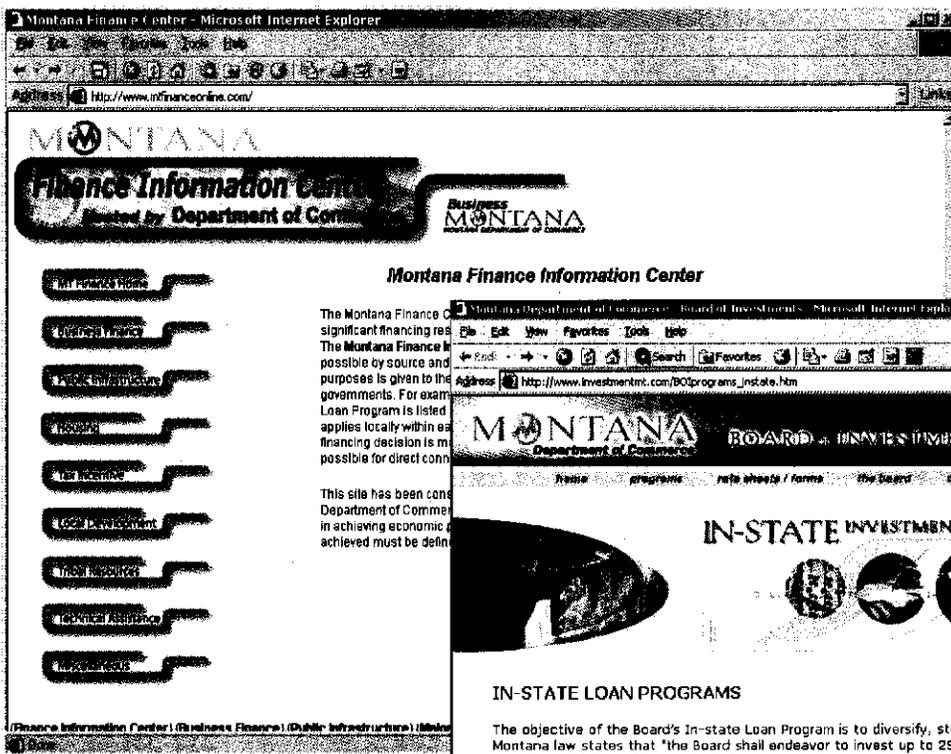


FINANCE - INFORMATION

The Montana Finance Information Center provides summary information for the most significant financing resources available from state, federal, and local institutions. **www.mtfinanceonline.com**

Title 90, Chapter 1, 144 MCA requires the department to:

- **Compile and maintain a comprehensive list of state financial assistance programs.**
- **Maintain and provide information related to non-state loan and grant programs; and**
- **Provide regular opportunities for review, advice, and recommendations regarding the expansion or modification of the center.**



FINANCE - DEBT

COMMERCE LOAN FUND - COMMUNITY DEVELOPMENT BLOCK GRANTS

- **FEDERAL FUNDING - \$2.5 million each year from the Department of Housing and Urban Development (HUD)** for the Community Development Block Grant Program (CDBG).
- CDBG funds –
 - **Loans to businesses** to stimulate economic development activity that **creates or retains jobs primarily for individuals from low and moderate-income families.**
 - Flexible interest rates and loan terms to **complement conventional bank financing** and other federal and state finance programs.
 - Loan repayments are **retained locally to re-lend to other businesses** in the community.
 - Applications for funding are **open throughout the year**; however, funding is usually invested within 5 to 6 months of its receipt from HUD.
 - Projects are selected for funding by considering the **overall feasibility, long-range economic impact, and the number of jobs** that would be made available to low and moderate-income persons in the community.

Objectives:

- Encourage viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low and moderate income Montanans.
- Encourage economic activity that adds value to a product through manufacturing, refining, processing, or packaging, especially those activities that involve Montana's natural resources and agriculture commodities.
- Encourage economic activity, which creates new wealth in Montana by selling the majority of its products or services outside of Montana.
- Fund more high-technology businesses and manufacturing operations, especially for adding value to agricultural products.
- Place emphasis on funding companies that pay higher wages and offer benefits to employees.

Results:

□ CDBG (2003 and 2004)

- **12** business development projects
- **\$4,908,260** of CDBG funding was granted to Montana communities for loans to local businesses.
- **\$105,743,363** in participant funds were matched to the funding.
- **320 jobs are projected to be created** as a result of the business activity that was funded.
- **\$325,700** provided for 7 economic development planning grants matched by \$727,617 in funding from participants.

MONTANA MICROBUSINESS FINANCE PROGRAM
Title 17, Chapter 6, Part 4 MCA

- The intent of the program is to **finance business projects that would not otherwise be able to obtain financing** from sources such as their local bank. Because of the higher risk, the interest rates charged on the loans are higher than bank rates.
- The State has lent **\$4,528,555** to Micro Business Development Corporations. There are **7 active MBDC's** located in **Hayre, Great Falls, Missoula, Butte, Billings, Helena, and Wolf Point.**
- **Statutory requirements:**
 - **\$1 of local match** is required for every **\$6 of state funding.**
 - The State of Montana has a **first lien on all assets** of the MBDC's.
 - The MBDCs make loans **up to \$35,000** for working capital, equipment, or other fixed assets for qualified micro-businesses.
 - A qualified micro-business must be a Montana-based business that has **ten or fewer employees and less than \$500,000 in annual revenues.**

Program statistics:

- The **interest rate** charged to the MBDC's is **2.75% of the outstanding balance.**
- The **average loan size** for all MBDC's is **\$15,997.**
- 5 of the 7 active MBDC's are co-located in local development organizations with the Small Business Development Centers. (Hayre, Missoula, Butte, Helena, and Wolf Point)

Results: Since 1992

➢ Number of loans to micro-businesses	836
➢ Dollar amount loaned to businesses	\$13,877,034
➢ Jobs created and retained by businesses receiving loans	1,742

Results - Calendar Year 2004 through September 30.

➢ Number of loans to micro-businesses	20
➢ Loans repaid during period	32
➢ Dollar amount loaned to micro-businesses	\$ 489,570
➢ Jobs created and retained by businesses receiving loans	42
➢ Technical Assistance hours	1,173
➢ Clients Served	578

Measures of Portfolio Quality and Financial Condition

Total Cash & Equivalents held by MBDC's	\$2,332,205
Total Loans Receivable (Net of Allowance for Losses)	<u>\$2,350,695</u>
Total MBDC Loans and Loan Funds (Net of Allowance for Losses)	\$4,682,900
Total Loans from the State of Montana Outstanding	\$3,458,514
Asset coverage ratio - State of Montana Funds	135%

FINANCE – RESEARCH & DEVELOPMENT

BOARD OF RESEARCH & COMMERCIALIZATION TECHNOLOGY **State Funding of \$3.65 million per year through 2010**

Board of Research and Commercialization Technology

- Created by the 1999 Montana Legislature to:
 - Provide a predictable and stable source of funding for research and commercialization projects;
 - Expand and strengthen research efforts for the state's basic industries to increase their economic impact on the state economy;
 - Expand research efforts into areas beyond the scope of the basic industries to diversify and strengthen the Montana economy through the creation of technology-based operations and long-term quality jobs.
- 6 members
 - 2 appointed by the Governor
 - One member appointed by President of the Senate
 - One member appointed by Senate Minority Leader
 - One member appointed by the Speaker of the House
 - One member appointed by House Minority Leader

Projects to be funded must:

- Have potential to diversify or add value to a traditional basic industry of the state economy,
- Show promise for enhancing technology-based sectors or commercial development of discoveries,
- Employ or take advantage of existing research and commercialization strengths,
- Have a realistic and achievable project design,
- Employ an innovative technology,
- Are located in the state,
- Have a qualified research team,
- Have scientific merit based on peer review, and
- Include research opportunities for students.

Results:

- 69 projects
- \$ 18,299,198 in direct R&D grants.
- \$ 26.2 million in matching funds.
- \$ 103 million of follow-on funding for these projects.
- 34% (\$ 6,265,022) of the projects funded have been for production agriculture. (By law, at least 20% of the funding must be used for production agriculture projects)
- \$ 6,006,033 of R&C funding leveraged \$ 12,059,617 of EPSCOR funding through the Montana University System over the 5 years of the programs existence.

FINANCE – WORKFORCE TRAINING

WORKFORCE INVESTMENT ACT FUNDS

- Federal Funding – Varies by Year - The Department of Commerce, under contract with the Montana Department of Labor & Industry, manages a portion of the Governor's discretionary WIA monies for the purpose of workforce training tied specifically to job creation.
- During this biennium, the Governor decided to use **\$1,762,000** of the discretionary component of the federal Workforce Investment Act funds to continue a program that provides grants to Montana businesses in order to provide incumbent worker job training to existing and new employees.
- \$1 to \$1 match required.
- Maximum grant per employee trained is \$5,000.
- Must be a value-adding business where 50% of products or service is sold out of Montana.
- Minimum wage for each employee after training is \$13.39 per hour is salary and benefits.

Results: Fiscal years 2003 and 2004

- **\$528,735** in funding was granted for job training.
- **\$999,374 in matching funds** from participants in the projects.
- **1,120 employees received training in jobs** that will pay good wages.