EXHIBIT 2
DATE 01/11/05
HB 7

DATE: January 10, 2005

TO: Representative Rick Ripley, Chairman – Joint Appropriations Subcommittee On Natural Resources and Commerce
Senator Ken Hansen
Senator Bob Hawks
Representative Rosalie Buzzas
Representative Walter NcNutt
Representative John L. Musgrove
Senator Gregory Barkus

FROM: Evan Barrett, Chief Economic Development Officer

RE: Indian Country Economic Development and Made In Montana Program

As you know, government has a role in helping improve the State's economy and creating quality jobs. Numerous past efforts have been made to improve the economy and to nurture jobs. The "Build Montana" program goes back more than two decades and elements of that program still bear fruit. Montanans want good paying jobs to enjoy the rewards of hard work and an economy that creates job opportunities for our children. The Governor has proposed two economic development initiatives that were brought to you last Friday and that you will be considering this morning in more detail. The first initiative will stimulate the economy on the seven economically distressed Indian reservations by providing funding, technical assistance, and training for tribal businesses. The other initiative is to restore, refocus and expand the discontinued "Made in Montana" program to help Montana businesses develop, produce and market their products throughout the nation, as well as Montana. I look forward to speaking to you about these two important projects.

Indian Country Economic Development

The budget adds one FTE and $500,000 general fund each year of the biennium to be utilized by Montana's Tribal Nations to help enhance and support economic development opportunities on Montana's Indian Reservations.

With $500,000 providing specialized economic development services to seven reservations and one state-recognized non-reservation tribe, the average assistance per tribe per year after administrative expenses will be approximately $50,000.

Activities under the Indian Country Economic Development Program are being developed under consultation with the statutory State/Tribal Economic Development Commission (which includes appointments from each of the reservations and the Little Shell Tribe that were made by their respective Tribal Councils for the purpose of furthering economic development in Indian country) and the Transition Tribal Indian Committee.

Items that are anticipated to be in the final mix of programs include:

(1) Entrepreneurial business training for Montana Native Americans,
(2) Economic development planning assistance, and
(3) Tribal business assistance activities.

Made in Montana Program

The Made In Montana program was created in 1984 to assist in the marketing efforts of Montana businesses and individuals to help identify and market value-added products that are produced in Montana. The program was discontinued by the Department of Commerce in the fall of 2004. The Schweitzer Administration believes this program is vital to the continued success of many Montana small businesses in marketing their products both inside and outside of Montana. The budget adds 1.00 FTE and $500,000 general fund each year of the biennium to not only restore the Made in Montana program, but to expand it.

Activities to be conducted under the Made-in-Montana appropriation (details shown below the list) will include:

(1) Entrepreneurial training for Montana citizens and small businesses,
(2) National & international marketing assistance and trade show assistance,
(3) Made-in-Montana advertising campaign,
(4) Marketing technical assistance for Montana's small businesses,
(5) Enhancing coordination & communication in and among the local and regional organizations and practitioners who provide assistance to Montana's small businesses,
(6) Continuing the development of industry clusters in Montana,
(7) Integrating Made-in-Montana promotion with tourism advertising conducted by the Montana Promotions Division, and
(8) Enhancing the current Made-in-Montana Online Products Directory.

Entrepreneurial training for Montana citizens and small businesses. Fund the continuation of the very successful NxLevel entrepreneurial training course. Emphasis will be placed on providing this training to rural citizens wanting to start their own business or improve their existing business.

National & international marketing assistance and trade show assistance. Provide national and international marketing services to Montana companies. In addition, create trade show assistance funding that, in part, would provide matching funds to qualified companies for the purposes of attending regional, national, and international trade shows. Smaller Montana companies will be competitively selected based upon their potential ability and readiness to successfully penetrate national and international markets.

Made-in-Montana advertising campaign. Promote the Made-in-Montana logo and sales of Montana products via an advertising campaign of billboards, store posters, and public service announcements. The advertising would target the 9+ million out-of-state tourists visiting Montana each year. Examples:

- In 2002, the Made-in-Montana billboard promotion (55 billboards state-wide during the prime tourism season of June-September) cost $68,000
- In 2002, television PSAs (Public Service Announcements) urging consumers to buy Montana products during the Christmas holiday season cost $28,000.

Marketing technical assistance for Montana's small businesses. Utilize university senior and graduate level students to provide marketing technical assistance for Montana companies. This program would be a marketing version of the very successful graduate-level University Technical Assistance Program (engineering technical assistance) that has been provided through MSU-Bozeman for many years. The UTAP program has primarily been funded by US EDA.

Enhancing coordination & communication in and among the local and regional organizations and practitioners. Montana's small businesses receive services and assistance from economic development practitioners at all levels (federal, state, regional and local) and from various organizations (all levels of government, as well as the private non-profit organizations and associations, and the private sector). Enhanced on-line, telecom and regular communication among these important individuals and entities will insure a coordinated delivery of services to the small Montana companies who produce Made-in-Montana products.

Continue Development of Montana Industry Clusters Initiated Under the Martz Administration. The State of Montana has made a significant investment in determining Montana's industry clusters and it is important to the Schweitzer Administration and the people of Montana that this work continues. An example of this type of assistance would be to continue working closely with the Montana aerospace cluster.

Integrating Made-in-Montana promotion with tourism advertising conducted by the Montana Promotions Division. Buying advertising in Montana promotion publications and on internet websites that direct out-of-state active and potential visitors to purchase Montana made products.

Enhancing the current Made-in-Montana Online Products Directory. Providing online registration and updating of company information; providing links to e-commerce websites features Made-in-Montana products.