SENATE FINANCE & CLAIMS
Exhibit No. 4
Date 3-19-09
Bill No. HB 158

Montana Department of Commerce
Big Sky Economic Development Trust Fund
(MCA 90-1-2)

History: House Bill 249 was passed by the 59th Legislature and on July 1, 2005, $20 million was transferred from the coal severance tax permanent fund to the Big Sky Economic Development Trust Fund (BSTF). In addition a portion of the total coal severance taxes collected annually is deposited into the BSTF. **Interest earnings only, not principal,** from the BSTF are available for financial assistance to local governments and economic development organizations through application to the Department of Commerce.

Purpose: The legislative purpose of the BSTF is to:
- Create good-paying jobs for Montana residents,
- Promote long-term, stable economic growth in Montana,
- Encourage local economic development organizations,
- Create partnerships between the state, local governments, and local economic development organizations that are interested in pursuing these same economic development goals,
- Retain or expand existing businesses,
- Provide a better life for future generations through greater economic growth and prosperity in Montana; and
- Encourage workforce development, including workforce training and job creation, in high-poverty counties by providing targeted assistance.

Funding Availability
During the current biennium, a projected total of $3.0 million in interest earnings from the BSTF will be available for program awards.

Types of Funding by Statute
- **Category I:** 75% of BSTF earnings shall be awarded to local governments in the form of grants and loans for economic development projects.
- **Category II:** 25% of BSTF earnings shall be awarded to Certified Regional Development Corporations and other eligible economic development organizations in the form of grants for economic development planning grants.

Category I Criteria and Information

Eligible Applicant
- Incorporated cities or towns,
- Counties,
- Consolidated governments,
- Tribal governments (includes any state or federally recognized Indian tribe within the State of Montana), and
- Public districts or local public entities with the authority to spend or receive public funds (Examples: County Port Authority or Airport Authority).

Business Eligibility
- Primary sector business;
- Create at least 1 new job in Montana;
- Pay new employees at least the average wage of the County in which the employees are to be principally employed;
- Demonstrate that the business expansion is financially feasible.

Grant Award Ceiling and Thresholds

- The maximum grant award is $5,000 for each new job created; $7,500 for each new job created in a high-poverty county

**Higher Poverty County Definition: Montana County in which 14% or more of people of all ages are in poverty as determined by the U.S. Bureau of the Census.*

Match Requirements

- $1 for every $1 awarded; 50% match requirement for program awards in a high-poverty county

Eligible Activities

- Public infrastructure and facilities, workforce training, loans for fixed assets, interest rate reductions, relocation costs, rental assistance and lease buy-downs

Category II Criteria and Information:

Eligible Applicant

- Certified regional development corporations (CRDCs), for projects located within a CRDC region.
- Other economic development organizations, which are located in a county that is not part of a CRDC region (ex. Flathead and Richland Counties) and which meet program requirements for eligibility.

Grant Award Ceiling and Thresholds

Total grant awards to a CRDC or other eligible economic development organization should not exceed $25,000 per application. Preferably applicants will request assistance for an amount greater than $5,000 per application.

Match Requirements

Match of at least a $1 for every $2 in BSTF assistance requested is recommended.

Eligible Activities

- Business Plans;
- Feasibility Studies;
- Preliminary Architectural Reports (PAR);
- Preliminary Engineering Reports (PER);
- Economic Impact Studies;
- Workforce Surveys; and
- Target Industry Analyses.