

EXHIBIT

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HB 490

## Key Points of HB 490:

### Hire Montanans First Act – Montana Dollars for Montana Jobs

#### Background

Montana's state and local governments purchase a significant amount of goods and services from the private marketplace. Far too often, the dollars spent on state and local projects for local communities are awarded by contract to companies that are located outside Montana.

Montana has a law on the books that is supposed to require that at least half of the workers on any construction project funded by state or local tax dollars be Montana residents, but it is riddled with loopholes and not enforceable.

- Currently, state law requires a preference for Montana residents and that at least 50 percent of the workers on any construction project funded by state or local tax dollars are Montana residents.
- Generous loopholes have made this law ineffective.

#### HB 490

The Hire Montanans First Act is designed to put more public funds into the hands of Montana businesses and create more jobs for Montana workers. It is a common sense proposal that requires the contractors and subcontractors who benefit from these projects to make sure our tax dollars hire Montanans first.

HB 490 also proposes to close the loopholes in our existing law, make enforcement a higher priority, and expand this requirement to *all* taxpayer-funded projects – not just construction. It would also significantly increase the proportion of Montana workers required on any state or locally funded project from 50 to 75 percent.

In addition, HB 490 would:

- Retain the existing waiver for genuine shortages of skilled workers – the Commissioner of Labor and Industry is authorized to grant partial waivers of the percentage of bona-fide Montana residents required to be employed by a contractor on a public works project if there is a genuine shortage of skilled workers in Montana who are available for the project.
- Increase penalties – a contractor or subcontractor who fails to use a Montana resident workforce as required on a public works project would face a \$1,000 a week penalty (subject to a maximum penalty of \$10,000 against the contractor or subcontractor). The penalties go to the government agency that is in charge of the public works contract, to be credited to the funding source that is paying for the project.

#### Summary

The states surrounding Montana already have similar laws that require:

- bid preference clauses that benefit in-state contractors, and
- that state residents are given the majority of the jobs on projects funded by state and local funds.

HB 490 will ensure that, when we invest taxpayer dollars in Montana, we put Montana businesses and our fellow Montana workers first.