

HOUSE BILL NO. 420

INTRODUCED BY D. SALOMON

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A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING FUNDING RECIPIENTS OF THE MONTANA FOOD AND AGRICULTURAL DEVELOPMENT PROGRAM; APPROPRIATING FUNDS FOR THE DEPARTMENT OF AGRICULTURE TO SUPPORT AND ADMINISTER THE MONTANA FOOD AND AGRICULTURAL DEVELOPMENT PROGRAM; AMENDING SECTIONS 80-11-901, 90-3-1002, AND 90-3-1003, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 80-11-901, MCA, is amended to read:

"80-11-901. Montana food and agricultural development program -- definition. (1) There is a program administered by the department to promote Montana food and agricultural development. The program must fund ~~four~~ a network of Montana food and agricultural development centers ~~that were established before January 1, 2009,~~ and that are charged with:

(a) developing Montana's capacity to produce food and value-added agricultural products, including farm-derived renewable energy; and

(b) providing technical assistance and other services to community-based food, agriculture, and farm-derived renewable energy entrepreneurs.

(2) Technical assistance includes but is not limited to business assistance, product development, marketing, nutritional analysis and labeling, education, assistance with food safety regulation compliance, training to educate business professionals and entrepreneurs on industry dynamics and technology of specific bioproduct industries, and evaluating existing and developing technologies.

(3) Each center must be a certified regional development corporation or a nonprofit organization that serves at least a four-county region.

(4) As used in this section, "farm-derived renewable energy" means renewable energy produced from products developed by farmers and ranchers, as well as entrepreneurs, using Montana farm and ranch products."

Section 2. Section 90-3-1002, MCA, is amended to read:



1 **"90-3-1002. Research and commercialization account.** (1) There is a research and commercialization
 2 special revenue account within the state treasury. The purpose of the account is to establish a permanent source
 3 of funding for research and commercialization projects to be conducted at research and commercialization
 4 centers in the state and to pay the costs of administering those projects.

5 (2) The research and commercialization account must be invested by the board of investments. Except
 6 as provided in ~~90-3-1003(5)(b)~~ 90-3-1003(4)(b), earnings on the account must be deposited in the account for
 7 distribution pursuant to 90-3-1003(3) ~~through (5) and (8), (4), and (7).~~"

8

9 **Section 3.** Section 90-3-1003, MCA, is amended to read:

10 **"90-3-1003. Research and commercialization account -- use.** (1) The research and commercialization
 11 account provided for in 90-3-1002 is statutorily appropriated, as provided in 17-7-502, to the department of
 12 commerce to be used by the board of research and commercialization technology, provided for in 2-15-1819, for
 13 the purposes provided in this section.

14 (2) The establishment of the account in 90-3-1002 is intended to enhance the economic growth
 15 opportunities for Montana and constitute a public purpose.

16 (3) The account may be used only for:

17 (a) loans that are to be used for research and commercialization projects to be conducted at research
 18 and commercialization centers located in Montana;

19 (b) grants that are to be used for production agriculture research, development, and commercialization
 20 projects, clean coal research and development projects, or renewable resource research and development
 21 projects to be conducted at research and commercialization centers located in Montana;

22 (c) matching funds for grants from nonstate sources that are to be used for research and
 23 commercialization projects to be conducted at research and commercialization centers located in Montana; or

24 ~~—— (d) the Montana food and agricultural development program provided for in 80-11-901; or~~

25 ~~(e)~~(d) administrative costs that are incurred by the board in carrying out the provisions of this part.

26 ~~—— (4) At least \$195,000 of the account funds must be distributed on an annual basis to the department of~~
 27 ~~agriculture to support and administer the Montana food and agricultural development program provided for in~~
 28 ~~80-11-901.~~

29 ~~(5)~~(4) (a) At least 30% of the account funds approved for research and commercialization projects must
 30 be directed toward projects that enhance clean coal research and development or renewable resource research

1 and development.

2 (b) If the board is not in receipt of a qualified application for a project to enhance clean coal research and
3 development or renewable resource research and development, subsection ~~(5)(a)~~ (4)(a) does not apply.

4 ~~(6)(5)~~ An applicant for a grant shall provide matching funds from nonstate sources equal to 25% of total
5 project costs. The requirement to provide matching funds is a qualifier, but not a criterion, for approval of a grant.

6 ~~(7)(6)~~ The board shall establish policies, procedures, and criteria that achieve the objectives in its
7 research and commercialization strategic plan for the awarding of grants and loans. The criteria must include:

8 (a) the project's potential to diversify or add value to a traditional basic industry of the state's economy;

9 (b) whether the project shows promise for enhancing technology-based sectors of Montana's economy
10 or promise for commercial development of discoveries;

11 (c) whether the project employs or otherwise takes advantage of existing research and commercialization
12 strengths within the state's public university and private research establishment;

13 (d) whether the project involves a realistic and achievable research project design;

14 (e) whether the project develops or employs an innovative technology;

15 (f) verification that the project activity is located within the state;

16 (g) whether the project's research team possesses sufficient expertise in the appropriate technology area
17 to complete the research objective of the project;

18 (h) verification that the project was awarded based on its scientific merits, following review by a
19 recognized federal agency, philanthropic foundation, or other private funding source; and

20 (i) whether the project includes research opportunities for students.

21 ~~(8)(7)~~ The board shall direct the state treasurer to distribute funds for approved projects. Unallocated
22 interest and earnings from the account must be retained in the account. Repayments of loans and any
23 agreements authorizing the board to take a financial right to licensing or royalty fees paid in connection with the
24 transfer of technology from a research and commercialization center to another nonstate organization or
25 ownership of corporate stock in a private sector organization must be deposited in the account.

26 ~~(9)(8)~~ The board shall refer grant applications to external peer review groups. The board shall compile
27 a list of persons willing to serve on peer review groups for purposes of this section. The peer review group shall
28 review the application and make a recommendation to the board as to whether the application for a grant should
29 be approved. The board shall review the recommendation of the peer review group and either approve or deny
30 a grant application.

