

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE BIG SKY ECONOMIC DEVELOPMENT PROGRAM  
5 TO INCLUDE INCENTIVES FOR YOUNG ENTREPRENEURS IN MONTANA; EXTENDING RULEMAKING  
6 AUTHORITY FOR THE DEPARTMENT OF COMMERCE; AND AMENDING SECTIONS 90-1-201, 90-1-203,  
7 90-1-204, AND 90-1-205, MCA."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10  
11 **NEW SECTION. Section 1. Montana young entrepreneur grant award.** (1) There is a Montana young  
12 entrepreneur grant award within the big sky economic development program. A Montana young entrepreneur may  
13 use the grant award to assist with the Montana young entrepreneur's business startup costs under the conditions  
14 provided in this section.

15 (2) To be eligible for the Montana young entrepreneur grant award, an applicant:

16 (a) must have created, within 10 years of the date of the applicant's completion of relevant postgraduate  
17 education or training and within a business entity filed with the secretary of state, at least 10 net new jobs that  
18 pay a wage as provided in 90-1-204(6);

19 (b) must be a graduate of a Montana high school or a Montana nonpublic or home school that meets the  
20 requirements of 20-5-109; and

21 (c) shall submit a one-time application to the department on a form provided by the department and  
22 provide the information required in subsection (3).

23 (3) The application must include:

24 (a) an affidavit that none of the 10 net new jobs are held or claimed by any other applicant for an award  
25 under this section. An applicant eligible for a grant award under this section may have created the jobs in  
26 conjunction with another individual who is eligible for the award, but a specific net new job may be used for  
27 eligibility in only one application.

28 (b) documentation that the applicant created a business entity as defined by rule:

29 (i) that is not solely a derivative of another business entity; or

30 (ii) not more than 50% of which is controlled by persons ineligible for the Montana young entrepreneur



1 award.

2 (4) (a) Except as provided in subsection (4)(b), the grant award is \$5,000 for each net new job.

3 (b) In a high-poverty county, the maximum is \$7,500 for each net new job.

4 (5) The applicant may use the grant award to reimburse startup costs for the business entity for which  
5 the net new jobs have been claimed.

6 (6) The applicant for a grant award under this section is exempt from working with a local government,  
7 a tribal government, or a certified economic development organization but is encouraged to do so.

8

9 **NEW SECTION. Section 2. Rulemaking.** (1) The department shall adopt rules to implement the big  
10 sky economic development program.

11 (2) In adopting rules, the department shall look to the rules adopted for the treasure state endowment  
12 program and other similar state programs. To the extent feasible, the department shall make the rules compatible  
13 with those other programs and employ an approach that, except as provided in subsection (3), balances the  
14 needs of rural areas with the needs of the state's urban centers.

15 (3) For high-poverty counties, the department shall employ an approach pertaining to the use of funds  
16 that is intended to lower poverty levels in the county to a percentage at which the county no longer is defined as  
17 a high-poverty county.

18 (4) The rules must provide:

19 (a) for equal matching funds for grants or loans to local governments, tribal governments, and certified  
20 regional development corporations, except that the rules for a grant or a loan in a high-poverty county may allow  
21 a 50% to 100% match requirement for the high-poverty county;

22 (b) for the full or partial repayment of a grant made by a local government, tribal government, or certified  
23 regional development corporation if the expected new jobs or some of the expected new jobs for which a grant  
24 is given are not created;

25 (c) for a Montana young entrepreneur grant award, a description of:

26 (i) what constitutes a new business entity;

27 (ii) how to allocate a grant award if more than one individual in a business entity is eligible for the award;

28 and

29 (iii) what constitutes completion of relevant postsecondary education or training, which must include  
30 completion of 50% of the coursework or training within 3 years of creation of the business entity.

- 1 (5) The rules may provide for:
- 2 (a) greater incentives for a high-poverty county; and
- 3 (b) priority ranking for grants to young entrepreneurs who already have created jobs as compared to
- 4 proposed jobs otherwise eligible under the big sky economic development program.

5

6 **Section 3.** Section 90-1-201, MCA, is amended to read:

7 **"90-1-201. Big sky economic development program -- definitions.** (1) (a) There is a big sky economic

8 development program that consists of:

- 9 (i) the big sky economic development fund established in 17-5-703; and
- 10 (ii) the economic development special revenue account provided for in 90-1-205.
- 11 (b) Interest and income from the big sky economic development fund may be used to administer the big
- 12 sky economic development program and to provide financial assistance for qualified economic development
- 13 purposes under this part.

14 (2) The big sky economic development program consists of grants or loans made for the purposes of

15 this part to:

- 16 (a) local governments and tribal governments;
- 17 (b) certified regional development corporations; and
- 18 (c) Montana young entrepreneurs.

19 ~~(2)~~(3) As used in this part, the following definitions apply:

- 20 (a) "Certified regional development corporation" has the meaning provided in 90-1-116.
- 21 (b) "Department" means the department of commerce provided for in 2-15-1801.
- 22 (c) "Economic development organization" means:
- 23 (i) (A) a private, nonprofit corporation, as provided in Title 35, chapter 2, that is exempt from taxation
- 24 under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code, 26 U.S.C. 501(c)(3) or 501(c)(6);
- 25 (B) an entity certified by the department under 90-1-116; or
- 26 (C) an entity established by a local government; or
- 27 (ii) an entity actively engaged in economic development and business assistance work in a region of the
- 28 state.
- 29 (d) "Employee benefits" means health, welfare, and pension contributions that meet the requirements
- 30 of the Employee Retirement Income Security Act of 1974, 29 U.S.C. 1001, et seq.

1 (e) "High-poverty county" means a county in this state in which 14% or more of people of all ages are  
2 in poverty as determined by the U.S. bureau of the census estimates for the most current year available.

3 (f) "Local government" means a county, consolidated government, city, town, or district or local public  
4 entity with the authority to spend or receive public funds.

5 (g) "Montana young entrepreneur" means an individual who meets the qualifications in [section 1(2)(a)  
6 and (2)(b)].

7 (h) "Net new job" means a Montana-sited employment position created and maintained over a 3-year  
8 period in which a full-time equivalent employee has been employed.

9 ~~(g)(i)~~ (i) "Tribal government" means any one of the seven federally recognized tribal governments of  
10 Montana and the Little Shell band of Chippewa Indians."  
11

12 **Section 4.** Section 90-1-203, MCA, is amended to read:

13 **"90-1-203. Types of financial assistance available.** (1) The department shall provide for and make  
14 grants and loans available to ~~local governments and tribal governments for economic development projects and~~  
15 ~~to certified regional development corporations~~ the entities listed under 90-1-201(2) from the money in the  
16 economic development special revenue account provided for in 90-1-205.

17 (2) A grant or loan may not be used for a project that would result in the transfer or relocation of jobs from  
18 one part of the state to another part of the state."  
19

20 **Section 5.** Section 90-1-204, MCA, is amended to read:

21 **"90-1-204. Priorities and conditions for funding -- rulemaking.** (1) ~~Under the big sky economic~~  
22 ~~development program provided for in 90-1-201, the department must receive proposals~~ Proposals for grants and  
23 ~~loans from local governments and tribal governments~~ under the big sky economic development program must  
24 be submitted to the department as provided in this section. Proposals for grant awards under the Montana young  
25 entrepreneur program must meet the requirements of [section 1] and subsections (5)(b) through (7) of this section  
26 but are not required to be submitted through local governments, tribal governments, or local economic  
27 development organizations.

28 (2) A local government shall work with an economic development organization on a proposal other than  
29 a proposal under the Montana young entrepreneur program.

30 (3) ~~The~~ For proposals other than those under the Montana young entrepreneur program, the department

1 shall work with the local government and the economic development organization or with an applicant tribal  
 2 government in preparing cost estimates for a proposed project. In reviewing proposals, the department may  
 3 consult with other state agencies with expertise pertinent to the proposal.

4 ~~(2)(a) The department shall adopt rules necessary to implement the big sky economic development~~  
 5 ~~program. In adopting rules, the department shall look to the rules adopted for the treasure state endowment~~  
 6 ~~program and other similar state programs. To the extent feasible, the department shall make the rules compatible~~  
 7 ~~with those other programs. To the extent feasible, the department shall employ an approach pertaining to the use~~  
 8 ~~of funds so that, except as provided in subsection (2)(b), the needs of rural areas are balanced with the needs~~  
 9 ~~of the state's urban centers.~~

10 ~~(b) For high-poverty counties, the department shall employ an approach pertaining to the use of funds~~  
 11 ~~that is intended to lower poverty levels in the county to a percentage at which the county no longer is defined as~~  
 12 ~~a high-poverty county.~~

13 ~~(c)(4)(a) The rules must provide for the types of uses of funds Funds available under the big sky~~  
 14 ~~economic development program. The types of uses of funds may be used as provided in this part by:~~

15 (i) local governments and tribal governments;

16 (ii) certified regional development corporations;

17 (iii) the Montana young entrepreneur grant award; and

18 (iv) the department of commerce for administration of the big sky economic development program.

19 (b) (i) The uses of funds for local governments and tribal governments include but are not limited to:

20 (A) a reduction in the interest rate of a commercial loan for the expansion of a basic sector company;

21 (B) a grant or low-interest loan for relocation expenses for a basic sector company; and

22 (C) rental assistance or lease buy-downs for a relocation or expansion project for a basic sector  
 23 company;\_

24 (ii) The uses of funds for a certified regional development corporation or a tribal government include:

25 (A) support for business improvement districts and central business district redevelopment;

26 (B) industrial development;

27 (C) feasibility studies;

28 (D) creation and maintenance of baseline community profiles; and

29 (E) matching funds for federal funds, including but not limited to brownfields funds and natural resource  
 30 damage funds.

1 (c) The uses of funds for the Montana young entrepreneur grant award are as described in [section 1].

2 ~~(d) (i) The rules must provide for distribution methods for financial assistance available to local~~  
3 ~~governments and tribal governments. The rules must provide for distribution based upon on the number of jobs~~  
4 ~~expected to be created because of the funding.~~

5 ~~(ii)(5) (a) Funding to be made available to local governments, tribal governments, and certified regional~~  
6 ~~development corporations may not exceed \$5,000 for each expected job, except that funding for a project in a~~  
7 ~~high-poverty county may not exceed \$7,500 for each expected job.~~

8 (b) The Montana young entrepreneur grant award must be no less than the maximum allowed in  
9 subsection (5)(a) in recognition that the Montana young entrepreneur program requires proof of net new job  
10 creation.

11 ~~(iii) The rules must require equal matching funds for a grant or loan, except that the rules for a grant or~~  
12 ~~a loan in a high-poverty county may allow a 50% to 100% match requirement for the high-poverty county.~~

13 ~~—— (e) The rules may provide for greater incentives for a high-poverty county.~~

14 ~~—— (f) The rules must provide for the full or partial repayment of a grant if the expected new jobs or some~~  
15 ~~of the new jobs for which a grant is given are not created.~~

16 ~~(g)(6) A grant or loan under the big sky economic development program may be made only for a if an~~  
17 ~~expected new job that or a net new job has an average weekly wage that meets or exceeds the lesser of 170%~~  
18 ~~of Montana's current minimum wage or the current average weekly wage of the county in which the employees~~  
19 ~~are to be or are principally employed. For purposes of this subsection ~~(2)(g) (6)~~ and subject to subsection ~~(2)(h)~~~~  
20 ~~(7), the department may consider the value of employee benefits in determining whether the wage requirements~~  
21 ~~have been met.~~

22 ~~(h)(7) Nothing in subsection ~~(2)(g) (6)~~ exempts an employer from minimum wage requirements."~~

23

24 **Section 6.** Section 90-1-205, MCA, is amended to read:

25 **"90-1-205. Economic development special revenue account.** (1) There is an economic development  
26 state special revenue account. The account receives earnings from the big sky economic development fund as  
27 provided in 17-5-703. The money in the account may be used only as provided in this part.

28 (2) The money in the account is statutorily appropriated, as provided in 17-7-502, to the department. Of  
29 the money that is deposited in the account that is not used for administrative expenses:

30 (a) ~~75%~~ 50% must be allocated for distribution to local governments and tribal governments to be used

1 for job creation efforts; ~~and~~

2 (b) 25% must be allocated for distribution to certified regional development corporations, economic  
3 development organizations that are located in a county that is not part of a certified regional development  
4 corporation, and tribal governments; and

5 (c) 25% must be allocated for use as Montana young entrepreneur grant awards. If in any year the  
6 Montana young entrepreneur grant award program uses less than the fully allocated percentage of funds, the  
7 remaining amount of money may be distributed to the entities provided for in subsection (2)(a)."

8  
9 NEW SECTION. Section 7. Codification instruction. [Sections 1 and 2] are intended to be codified  
10 as an integral part of Title 90, chapter 1, part 2, and the provisions of Title 90, chapter 1, part 2, apply to [sections  
11 1 and 2].

12 - END -