

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; PROVIDING RULEMAKING
6 AUTHORITY; AMENDING SECTIONS 90-1-201, 90-1-203, 90-1-204, AND 90-1-205, MCA; AND PROVIDING
7 AN EFFECTIVE DATE."

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 business startup costs under the conditions provided in this section.

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

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

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

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

22 (3) The application must include:

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

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

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

29 (ii) that is not more than 50% controlled by persons ineligible for the Montana young entrepreneur award.

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

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

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

4 (6) An applicant for a grant award under this section shall file an application directly with the department
5 and is subject to the conditions in 90-1-204.

6

7 **Section 2.** Section 90-1-201, MCA, is amended to read:

8 **"90-1-201. Big sky economic development program -- definitions.** (1) (a) There is a big sky economic
9 development program that consists of:

10 (i) the big sky economic development fund established in 17-5-703; and

11 (ii) the economic development special revenue account provided for in 90-1-205.

12 (b) Interest and income from the big sky economic development fund may be used to administer the big
13 sky economic development program and to provide financial assistance for qualified economic development
14 purposes under this part.

15 (2) As used in this part, the following definitions apply:

16 (a) "Certified regional development corporation" has the meaning provided in 90-1-116.

17 (b) "Department" means the department of commerce provided for in 2-15-1801.

18 (c) "Economic development organization" means:

19 (i) (A) a private, nonprofit corporation, as provided in Title 35, chapter 2, that is exempt from taxation
20 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);

21 (B) an entity certified by the department under 90-1-116; or

22 (C) an entity established by a local government; or

23 (ii) an entity actively engaged in economic development and business assistance work in a region of the
24 state.

25 (d) "Employee benefits" means health, welfare, and pension contributions that meet the requirements
26 of the Employee Retirement Income Security Act of 1974, 29 U.S.C. 1001, et seq.

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

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

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

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

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

7

8 **Section 3.** Section 90-1-203, MCA, is amended to read:

9 **"90-1-203. Types of financial assistance available.** (1) ~~The~~ Subject to the provisions of 90-1-204 and
 10 [section 1], the department shall provide for and make grants Montana young entrepreneur grant awards as
 11 established in [section 1] and grants and loans available to local governments and tribal governments for
 12 economic development projects and to certified regional development corporations from the money in the
 13 economic development special revenue account provided for in 90-1-205.

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

16

17 **Section 4.** Section 90-1-204, MCA, is amended to read:

18 **"90-1-204. Priorities and conditions for funding -- rulemaking.** (1) ~~Under the big sky economic~~
 19 ~~development program provided for in 90-1-201, the department must receive proposals~~ Proposals for grants and
 20 loans from local governments and tribal governments under the big sky economic development program must
 21 be submitted to the department as provided in this section. Proposals for Montana young entrepreneur grant
 22 awards must meet the requirements of [section 1] and this section but are not required to be submitted through
 23 local governments, tribal governments, or local economic development organizations.

24 (2) A local government shall work with an economic development organization on a proposal other than
 25 a proposal for a Montana young entrepreneur grant award.

26 (3) ~~The~~ For proposals other than those for Montana young entrepreneur grant awards, the department
 27 shall work with the local government and the economic development organization or with an applicant tribal
 28 government in preparing cost estimates for a proposed project. In reviewing proposals, the department may
 29 consult with other state agencies with expertise pertinent to the proposal.

30 ~~(2)~~(4) (a) The department shall adopt rules necessary to implement the big sky economic development

1 program. In adopting rules, the department shall look to the rules adopted for the treasure state endowment
 2 program and other similar state programs. To the extent feasible, the department shall make the rules compatible
 3 with those other programs. ~~To the extent feasible, the department and shall employ an approach pertaining to~~
 4 ~~the use of award~~ funds so that, except as provided in subsection ~~(2)(b)~~ (4)(b), the needs of rural areas are
 5 balanced with the needs of the state's urban centers.

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

9 ~~(c)(5) The rules must provide for the types of uses of funds~~ Funds available under the big sky economic
 10 development program. ~~The types of uses of funds may be granted or loaned for use as provided in this part by:~~

11 ~~(i)(a)~~ local governments and tribal governments ~~include but are not limited to for:~~

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

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

14 ~~(C)(iii)~~ rental assistance or lease buy-downs for a relocation or expansion project for a basic sector
 15 company;

16 ~~(ii)(b)~~ a certified regional development corporation or a tribal government ~~include for:~~

17 ~~(A)(i)~~ support for business improvement districts and central business district redevelopment;

18 ~~(B)(ii)~~ industrial development;

19 ~~(C)(iii)~~ feasibility studies;

20 ~~(D)(iv)~~ creation and maintenance of baseline community profiles; ~~and or~~

21 ~~(E)(v)~~ matching funds for federal funds, including but not limited to brownfields funds and natural resource
 22 damage funds; ~~or~~

23 (c) the department for Montana young entrepreneur grant awards to recognize and reward Montana
 24 young entrepreneurs for establishing net new jobs. Rules adopted to provide for Montana young entrepreneur
 25 grant awards must describe:

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 ~~(d)~~(6) ~~(i)~~ (a) The rules must provide for distribution methods for financial assistance available to local
2 governments and tribal governments. ~~The~~ Except as provided in subsection (6)(b), the rules must provide for
3 distribution based ~~upon~~ on the number of jobs expected to be created because of the funding.

4 ~~(ii)~~ Funding may not exceed \$5,000 for each expected job, except that funding for a project in a
5 high-poverty county may not exceed \$7,500 for each expected job.

6 (b) The rules for Montana young entrepreneur grant awards must provide for distribution based on net
7 new jobs and allow an award recipient to be funded in installments.

8 ~~(iii)~~(7) ~~The~~ Except for funding for Montana young entrepreneur grant awards, the rules must require equal
9 matching funds for a grant or loan, ~~except that.~~ However, the rules for a grant or a loan in a high-poverty county
10 may allow a 50% to 100% match requirement for the high-poverty county.

11 ~~(e)~~(8) The rules may provide for greater incentives for a high-poverty county.

12 ~~(f)~~(9) The rules must provide for the full or partial repayment of a grant if the new jobs or some of the new
13 jobs for which a grant is given are not created.

14 ~~(g)~~(10) A grant award, grant, or loan under the big sky economic development program may be made
15 only for a new job that has an average weekly wage that meets or exceeds the lesser of 170% of Montana's
16 current minimum wage or the current average weekly wage of the county in which the employees are to be
17 principally employed. For purposes of this subsection ~~(2)(g)~~ (10) and subject to subsection ~~(2)(h)~~ (11), the
18 department may consider the value of employee benefits in determining whether the wage requirements have
19 been met.

20 ~~(h)~~(11) Nothing in subsection ~~(2)(g)~~ (10) exempts an employer from minimum wage requirements."
21

22 **Section 5.** Section 90-1-205, MCA, is amended to read:

23 **"90-1-205. Economic development special revenue account.** (1) There is an economic development
24 state special revenue account. The account receives earnings from the big sky economic development fund as
25 provided in 17-5-703. The money in the account may be used only as provided in this part.

26 (2) The money in the account is statutorily appropriated, as provided in 17-7-502, to the department.

27 (3) Of the money that is deposited in the account, 10% of the total deposit prior to any distribution made
28 under subsection (4) is to be used for Montana young entrepreneur grant awards in each fiscal year. At the end
29 of each fiscal year, if money is not distributed for Montana young entrepreneur grant awards, the department may
30 add to the funds available in subsection (4). If demand for funding for Montana young entrepreneur grant awards

1 exceeds available funds, the department may combine funds from the first year of the biennium with funds from
2 the second year of the biennium to provide a complete award.

3 (4) Of the 90% of the deposit remaining after subtracting the amount in subsection (3) for Montana young
4 entrepreneur grant awards, a portion may be ~~that is not~~ used for administrative expenses and of the remaining
5 amount:

6 (a) 75% must be allocated for distribution to local governments and tribal governments to be used for
7 job creation efforts; and

8 (b) 25% must be allocated for distribution to certified regional development corporations, economic
9 development organizations that are located in a county that is not part of a certified regional development
10 corporation, and tribal governments."

11
12 NEW SECTION. Section 6. Codification instruction. [Section 1] is intended to be codified as an
13 integral part of Title 90, chapter 1, part 2, and the provisions of Title 90, chapter 1, part 2, apply to [section 1].

14

15 NEW SECTION. Section 7. Effective date. [This act] is effective July 1, 2017.

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