

Montana Business Finance Incentives

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Montana Business Finance Incentives

Business Planning and Feasibility

Big Sky Economic Development Trust Fund:

Montana Department of Commerce

The Big Sky Economic Development Trust Fund Program is a state-funded program whose purpose is to assist in economic development for Montana. Certified Regional Development Corporations, tribal governments and other eligible economic development organization that are located in a county that is not part of a CRDC can seek grant or loan funds to do one of the following planning activities: Support for business improvement districts and central business; Industrial development; Feasibility studies; Creation and maintenance of baseline community profiles; and Matching funds for federal funds. Find more information at www.bstf.mt.gov.

Community Development Block Grant (CDBG) – Economic Development Program

Montana Department of Commerce

The CDBG-ED program helps local governments' address their greatest economic development needs with an annual allocation of funding from the US Department of Housing and Urban Development. The goal of the program is to provide jobs to qualified low and moderate-income persons. Eligible communities (Billings, Missoula and Great Falls may not apply for State funds since they get their own allocation of funding) may apply for up to \$25,000 for a variety of planning and technical assistance activities related to economic or business development including community needs assessments, downtown revitalization studies, feasibility studies, Preliminary Architectural Reports, and Preliminary Engineering Reports.

Find more information at www.cdbged.mt.gov.

Research & Development

Board of Research & Commercialization Technology

Montana Department of Commerce

The Board of Research & Commercialization Technology provides a predictable and stable source of funding for research and commercialization projects to be conducted at research and commercialization centers in Montana. The purpose of the program is to encourage economic development through investment in research projects that have a clear path to commercialization.

The Board takes the following criteria into account when making funding decisions for projects:

1. Has the potential to diversify or add value to a traditional basic industry of the state's economy,
2. Shows promise for enhancing technology-based sectors or commercial development of discoveries,
3. Employs or takes advantage of existing research and commercialization strengths,

4. Has a realistic and achievable project design,
5. Employs an innovative technology,
6. Is located in the state,
7. Has a qualified research team,
8. Has scientific merit based on peer review, and
9. Includes research opportunities for students.

Find more information at www.businessresources.mt.gov/MBRCT.

SBIR/STTR Matching Fund Program:

Montana Department of Commerce

The SBIR/STTR Matching Funds Program fosters job creation and economic development in the state by providing matching funds to Montana companies that have been awarded a Small Business Innovation Research Program or Small Business Technology Transfer Program, Phase I award and that, if the opportunity to do so is available, intend to apply for a Federal SBIR/STTR Phase II award.

Upon receiving a Phase I award, a Montana company can apply for initial matching funds of \$30,000. If the company applies for a Phase II award based upon the research done in Phase I, they can be awarded an additional \$30,000.

Find more information at www.businessresources.mt.gov/content/MSMFP/docs/Guidelines.pdf

Small Business Innovation Research Program:

Montana Department of Commerce

The Montana Department of Commerce houses the Small Business Innovation Research Technical Assistance Program. It helps Montana companies compete for more than \$2.5 billion dollars in federal grants that have been earmarked to fund Research and Development.

The program offers free counseling assistance to any individual or small business that wants to explore SBIR grant opportunities. To win a SBIR grant, a business owner must be a for-profit business located in the US, have at least 51% owned and controlled by citizens of the US, at least 51% owned and controlled by another for-profit that is at least 51% owned and controlled by citizens of the US, and has 500 or less employees.

Find more information at <http://sbir.mt.gov/default.mcp.x>.

Trade Show Assistance

Agriculture Trade Show Assistance Program

Montana Department of Commerce

The Agriculture Trade Show Assistance Program offers qualified agricultural companies assistance with developing existing markets and reaching new markets by exhibiting at wholesale trade shows that are consistent with a company's marketing plans and goals.

Department's support includes reimbursement for 50% of the booth cost of wholesale, domestic trade shows; advice on show exhibiting; and a supplemental packet of information with exhibiting tips.

Companies can apply for reimbursement for 50% of the cost of booth space and other eligible expenses (up to \$2,500) at wholesale, domestic trade shows, whether they are based regionally or nationally.

Find more information at

http://agr.mt.gov/agr/Programs/Marketing/Domestic_Trade/Trade_Shows/TradeShowAssistance/

Trade Show Assistance Program

Montana Department of Commerce

The Trade Show Assistance Program helps companies in exploring new out-of-state and international wholesale markets through trade show exhibition.

Eligible applicants will be reimbursed for 50% (up to a maximum of \$3,000) of qualifying marketing expenses such as booth/space rental or US Commercial Services Gold Key fees, booth equipment, furniture and carpeting rental, promotional materials (product flyer specific to show, booth signage, etc.), and shipping, storage, drayage (cost of moving freight at exhibition site) and show labor.

Find more information at www.madeinmontanausa.com/tradeshownfo.asp.

Workforce Training

Community Development Block Grant (CDBG) – Economic Development Program

Montana Department of Commerce

The CDBG-ED Program helps local governments' address their greatest economic development needs. The program receives an annual allocation of funding from the US Department of Housing and Urban Development. The goal of the program is to provide jobs to qualified low and moderate-income persons. Eligible communities (Billings, Missoula and Great Falls may not apply for State funds since they get their own allocation of funding) may apply for up to \$400,000 per program year. Local governments may apply for new and/or existing employees. Requests may be for eligible expenses up to \$5,000 per employee, or up to \$7,500 for the training of people with disabilities. Minimum compensation thresholds must be met for wages and benefits.

Find more information at www.cdbged.mt.gov.

Incumbent Workforce Training Grant Program

Montana Department of Labor and Industry

The Incumbent Workforce Training Grant Program provides money for training to businesses with no more than 50 employees in the State and no more than 20 at any one location. Training is available to employees that have passed the company's probationary period with up to \$2000 available for full-time employees and \$1000 for part-time employees. Businesses must be able to contribute matching funds. Training grant dollars may be used for approved training, travel or instructional materials.

Find more information at <http://wsd.dli.mt.gov/service/iwt.asp>.

Primary Sector Workforce Training Program

Montana Department of Commerce

The Primary Sector Workforce Training Program is a state-funded program that provides grants up to \$5,000 for full-time job and \$2,500 for part-time job for training of net new jobs that were created by a primary sector business. See Appendix A: for definition of "Primary Sector". Businesses must meet minimums for number of hours worked, thresholds for employee compensation and match requirement. Businesses can apply directly to the Montana Department of Commerce for this program. The application needs to include financial information, business plan, and a detailed hiring and training plan.

For more information at www.wtg.mt.gov.

Real Property, Plant, Equipment, and Working Capital

(Programs in this category cover combinations of these activities but not necessarily all of them.)

Agriculture Farm and Ranch Loans

Montana Department of Agriculture

The Agriculture Farm and Ranch Loan programs provide opportunities for agriculture-related enterprises.

- **Beginning Farm & Ranch Loans** are available from a tax-exempt bond program that aids financial institutions in assisting Montana's beginning farmers and ranchers. Loans can be used to purchase agricultural land and other depreciable agricultural property.
- **Junior Agriculture Loans** assist and encourage members of agricultural youth organizations in financing agricultural projects when financing is unavailable from other sources. Projects can involve crop and livestock production, custom farming, marketing, processing and other financially feasible projects.
- **Rural Assistance Loans** are available to producers with modest financial investments in agriculture. These loans finance agricultural enterprises to enhance producers' operations and assist in the economic growth and welfare of Montana agriculture. Building Our Montana Committees (BOMC) - Three grants are awarded annually to FFA chapters that have shown outstanding BOMC projects.

Find more information at www.agr.mt.gov/agr/Programs/Development/GrantsLoans/index.html

Alternative Energy Revolving Loan Program

Montana Department of Environmental Quality

The Alternative Energy Revolving Loan Program provides a financing option to Montana homeowners, small businesses, non-profits, and government entities to install alternative energy systems.

Energy from these renewable systems is intended for use by the owner, although net-metering is allowed for systems that generate electricity. Energy conservation measures installed in conjunction with an alternative energy project may be funded through the program, limited to 20% of the loan amount.

Find more information at www.deq.mt.gov/recovery/energy/aerlp.mcp.x.

Big Sky Economic Development Trust Fund:

Montana Department of Commerce

The Big Sky Economic Development Trust Fund Program is a state-funded program that provides grants and loans to local governments and tribal governments to assist businesses in creating net new full-time jobs. Local or tribal governments can apply on behalf of a basic sector business, and in some cases for-profit and non-profit businesses, for funds to assist a business with a variety of activities including the purchase of land, building or equipment, lease rate reduction, relocations costs incurred in connection with moving the assisted business' physical assets to Montana or employee training. . [See Appendix A: for definition of "Basic Sector"](#).

The location of the project will determine the maximum funding level and match requirements. Business, located in a high-poverty county, can apply for up to \$7,500 for each eligible new job created with a match of \$1 for \$2. Business located in a non-poverty area can apply for up to \$5,000 for each net new full-time job, with a match requirement of \$1 for \$1. Eligible businesses must meet the definition of a Basic Sector Company, and eligible jobs must meet program requirements for hours worked and pay thresholds. Find more information at www.bstf.mt.gov.

Board of Investment - In-State Loan Programs

Montana Department of Commerce

The In-State Loan Programs objective is to diversify, strengthen, and stabilize the Montana economy. The Board has designed a series of loan programs that can be tailored to meet the individual needs of borrowers. The Board is only able to participate in loans to businesses and individuals through commercial financial institutions and is willing to work with businesses to assist in developing a loan package to best meet business needs.

Find more information at www.investmentmt.com/LoanPrograms/default.mcp.x.

Business Loan Participation Program Funded from the Permanent Coal Tax Trust

- Fixed-rate financing up to 25-years with interest rates posted weekly.
- Maximum participation amount of approximately \$70 million (10% of Trust).
- Maximum Board participation is 80% if Board loan participation is less than 6% of Trust.
- Maximum Board participation is 70% if Board loan participation is more than 6% of Trust.
- Job creation credits may reduce posted interest rate up to 2.5%.
- Full credit review using Board underwriting policy.

Link Deposit Business Loan Program Funded from the Permanent Coal Tax Trust

- Fixed-rate financing up to 20-years with interest rates posted weekly.
- Board invests in a one year CD with the lender for the total amount of the loan
- Lender pledges qualifying investments as collateral with State Treasurer.
- CD amount reduced annually commensurate with loan principal pay-down.
- No detailed credit review by Board.

Guaranteed Loan Purchase Program Funded from the Permanent Coal Tax Trust

- Fixed-rate financing up to 30-years with interest rates posted weekly.
- Board purchases 100% of the guaranteed portion of the loan.
- Job creation credits may reduce posted interest rate up to 2.5%.
- No detailed credit review by Board.

Value-Added Business Loan Program Funded from the Permanent Coal Tax Trust

- Maximum 15-year loan term.
- 10-14 jobs created/retained qualifies for a loan rate at 4% for 5 years.
- 15 jobs created/retained qualifies for a loan rate at 2% for five years.
- Interest rate will be at the posted interest rate until the required jobs are created/retained.
- Interest rate set at lowest rate for 1st 5 years, 6% for 2nd 5 years the Board posted rate at the time of application for the remaining term.
- Jobs created/retained must be by a business adding value to material/products.
- Board participates with lender in 75% of the funding, risk, collateral, and other security.
- Minimum loan size \$250,000-maximum loan size approximately \$7.5 million (1% of Trust).
- Total amount available for this program is \$70.0 million
- Full credit review using Board underwriting policy.

Infrastructure Loan Program Funded from the Permanent Coal Tax Trust

- Loans to local government for infrastructure improvement used by basic-sector businesses.
- Business for which infrastructure is provided must create at least 15 full-time jobs.
- Loan sized at number of jobs times \$16,666-minimum loan size \$250, 000.
- Business pays local government use fee, which is assigned to Board for loan repayment.
- Use fee can be credited against Montana income taxes paid by business, MCA 15-31-301.
- Total amount available for this program is \$80.0 million.
- Full credit review using Board underwriting policy.

Intermediary Relending Loan Program Funded from the Permanent Coal Tax Trust

- Loans made to board-approved local economic development organizations.
- Each loan cannot exceed \$500,000.
- Applicant must use the Board IRP loan as matching funds toward other government revolving loan funds.
- Interest rate may not exceed 2% for 30 year term.
- Interest only for first three years, then loan is repaid, principal and interest, for the remaining 27 years.
- Application is made by letter to the Board accompanied with the government revolving loan fund application.
- Full credit review using Board underwriting policy.
- Total amount available for the program is \$5,000,000.

Certified Regional Development Corporations

Designated by the Montana Department of Commerce

Certified Regional Development Corporations (CRDC) provide revolving loan funds to businesses in their regions in addition to their other technical assistance and planning services. There are 11 Certified Regional Development Corporations in Montana that provide financing, technical assistance, training, application assistance, and other services to their region of the State. The Montana Department of Commerce provides financial support to these corporations to facilitate economic development across Montana.

Each CRDC has revolving loan funds that are designed to help new and expanding businesses to create jobs. To find the Certified Regional Development Corporation in your area and for further information on this program, go to www.businessresources.mt.gov/crdc.

Community Development Block Grant (CDBG) – Economic Development Program

Montana Department of Commerce

The CDBG-ED program helps local governments' address their greatest economic development needs. The program receives an annual allocation of funding from the US Department of Housing and Urban Development. The goal of the program is to provide jobs to qualified low and moderate-income persons.

Eligible communities (Billings, Missoula and Great Falls may not apply for State funds since they get their own allocation of funding) may apply for up to \$400,000 per program year. Local governments may apply for up to \$25,000 for each job created or retained. Depending on whether the business is non-profit or for-profit, it may receive a grant or low interest loan for working capital, equipment purchases, infrastructure improvements, constructions costs, or other eligible business expenses. Businesses must submit financials, business plans, hiring plans, and other required documents, and provide a financial match.

Find more information at www.cdbged.mt.gov.

Facility Finance Authority

Montana Department of Commerce

The Montana Facility Finance Authority assists health care and related facilities contain future health care costs by offering debt financing or refinancing at low-cost, tax-exempt interest rates for buildings and capital equipment. These cost savings are shared with the consumer in the form of lower facility charges.

Most non-profit care facilities, including hospitals, nursing homes, assisted living facilities, residential homes for persons with developmental or mental disabilities, and pre-release facilities are eligible to participate in the programs offered by the Authority. The legislature extended eligible facilities to include for-profit manufacturing facilities.

Find more information at www.mtfacilityfinance.com/about.mcp.x.

Growth-Through-Agriculture Loan and Grant Program

Montana Department of Agriculture

The Growth Through Agriculture Loan and Grant Program was established by the Montana Legislature to strengthen and diversify Montana's agricultural industry through development of new agricultural products and processes. The projects should primarily add value to Montana's agricultural products and have the prospects to create and/or retain jobs in Montana.

- **Category I:**
 - Economic Development Projects may potentially be funded in a single application for a total amount of \$150,000 in the form of grant funding up to \$50,000 and loan funding up to \$100,000. Examples of project activities involve equipment purchases, advertising and promotion, and consultant services such as engineering costs and feasibility studies. A \$1 for \$1 match is required for all proposals.

- **Category II: Mini Grant/Loan Projects**
 - Mini Grant Projects may be funded a maximum amount of \$2,500 for any single application. The Mini Grant program was developed to encourage economic and agricultural development through educational, promotional, marketing, travel.
 - Mini Loan Projects may be funded a maximum amount of \$5,000 for any single application. The Mini Loan program was designed to foster economic and agricultural growth through the use of funds for small processing equipment, construction, infrastructure costs and inventory/working capital costs (excluding payroll).

Find more information at www.agr.mt.gov/agr/Programs/Development/GrantsLoans/GTA/

Indian Country Economic Development Program

Montana Department of Commerce/State-Tribal Economic Development Commission

The Indian Country Economic Development Program is funded by the State to provide economic development resources to the eight tribal governments in Montana to address their greatest economic development needs.

Tribal governments apply directly to the Montana Department of Commerce for a maximum of \$70,000 per program year. Eligible activities may include business development projects, workforce training projects, economic development studies, or other economic development-related projects. Tribes must provide financial match for their proposals and application deadlines do apply.

Find more information at www.iced.mt.gov.

Indian Equity Fund Program

Montana Department of Commerce/ State Tribal Economic Development Commission

The Indian Equity Fund Program provides small grants to assist in the creation or expansion of Native American business in Montana. The funds are available only to enrolled members of Montana's federally recognized tribes in Montana and to enrolled members of the Little Shell Chippewa Tribe. This money can be used for a variety of activities such as the purchase of new equipment or the development of a new product line. The fund requires a minimum of dollar to dollar match which may include collateral such as cash, in kind, or loan funds. The maximum grant to an individual business is \$14,000.

Find more information at www.entrepreneur.mt.gov/indianequityfund.mcpX

MicroBusiness Development Corporations

Administered by the Montana Department of Commerce - delivered by regional development organizations

The Montana Department of Commerce works with seven MicroBusiness Development Corporations around the state that can provide loan financing to microbusinesses. Loans can be made for up to \$100,000 to qualified Montana microbusinesses. A qualified microbusiness has fewer than 10 employees, and gross annual revenue of less than \$1,000,000. Microbusiness Development Corporations can provide capital to businesses, in addition to training and technical assistance.

To see the map of MicroBusiness Development Corporations in your area and further information on this program, go to www.businessresources.mt.gov/mbfp.

Tourism Infrastructure Investment Program Grants (TIIP)

Montana Department of Commerce

The purpose of the Tourism Infrastructure Investment Program Grant (TIIP) is to create and improve Montana's tourism-related facilities so they strengthen Montana's appeal as a visitor destination and provide quality visitor experiences. The grants help Montana non-profit organizations create new tourism facilities, enhance existing ones, purchase tourism-related equipment and preserve Montana's historical and cultural treasures. Find more information at <http://travelmontana.mt.gov/forms/>.

Wood Products Revolving Loan Fund

Montana Department of Commerce

The Montana Wood Products Revolving Loan Fund is a state and federally funded program comprised of two pools of funds that provide assistance to wood and timber related businesses. They are the EDA Wood Products Revolving Loan Fund and the State Wood Products Revolving Loan Fund.

Eligible businesses may apply for up to \$20,000 in loan funds for each job created or retained. Businesses are required to make a matching financial contribution to their proposals. Find more information at <http://businessresources.mt.gov/WPRLF>

Tax Credits, Abatements, and Exemptions

Montana Department of Revenue/Local Governments

Property Tax Abatements: Property tax abatement is available to certain new or expanding businesses. The governing body of the affected county or the incorporated city or town must approve by resolution the abatement. The tax benefit received is a percentage multiplier applied to the increase in taxable value of the qualifying improvements or modernized processes. The tax benefit applies to the number of mills levied and assessed for high school district and elementary school district purposes and to the number of mills levied and assessed by the local governing body approving the benefit. New/expanding industries will be taxed at 50% of taxable value for the first five years after a construction permit is issued. The tax rate is raised incrementally over the next five years to 100%.

New or Expanding Industry Wage Credit: A new or expanding manufacturing corporation in Montana may receive a corporation license tax credit of 1% of wages paid to new employees for the first three years of operation and expenses.

Alternative Fuels Property Tax Exemption: Provides an exemption from property assessment for qualifying non-fossil fuel energy generating systems installed. The maximum exemption amount per year is \$100,000 for a commercial property. The value of the qualifying non-fossil fuel energy generating system must be included in the assessed value of the property prior to its exemption. The exemption lasts for a period not to exceed 10 years from the year of installation.

Alternative Energy Investment Tax Credit: Commercial and net metering alternative energy investments of \$5,000 or more are eligible for up to 35 % tax credit against individual or corporate tax on income generated by the investment. The credit may only be taken against net income produced by the eligible equipment or by certain associated business activities. Associated facilities, manufacturing plants producing alternative energy equipment and new or expanded businesses using the energy generated by the alternative energy investment may use the tax credit. The credit must be taken the year the equipment is placed in service; however, any portion of the tax credit that exceeds the amount of tax to be paid may be carried over and applied against state tax liability for the following 7 years. A project of 5 MWs or larger on a reservation may carry the credit over for 15 years, if it has an employment agreement with the tribal government.

Other available credits, abatements, and exemptions can be found at:

<http://revenue.mt.gov/home/businesses#Tax-Incentives-and-Relief-64>