

HOUSE BILL NO. 259

INTRODUCED BY S. WEBBER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A PREFERENCE UNDER THE BIG SKY ECONOMIC DEVELOPMENT PROGRAM FOR MONTANA VETERANS' BUSINESS STARTUPS; ALLOWING GRANTS OR LOANS TO BE USED AS EQUITY FOR MATCHING FEDERAL FUNDING; EXTENDING RULEMAKING; AMENDING SECTIONS 90-1-201 AND 90-1-204, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. Assistance to veterans -- training -- funding for job creation in veteran-owned business -- limitations -- waiver of match requirement -- rulemaking. (1) (a) The department shall, within existing programs aimed at encouraging job training and job creation, work with veterans whose residence, as determined under 13-1-112, is in Montana and who have notified the department of their interest in developing a business in Montana.

(b) The department shall provide business development training for veterans either directly or through economic development organizations.

(c) The department does not have an obligation under this section if, after providing a trainee with an opportunity to indicate veteran status, the trainee does not indicate veteran status.

(2) The veterans' preference under this section is available to a Montana veteran who provides evidence the veteran has:

(a) received training assistance from the department or any economic development organization in this state; and

(b) been determined eligible for a grant or a loan under the big sky economic development program.

(3) In addition to the funds available under the big sky economic development program as provided in 90-1-204(5)(a) and (5)(b) for job creation and subject to subsection (4) of this section, a Montana veteran creating a business in this state must receive as a preference:

(a) \$2,500 for each job to be created that is filled by and retained by a veteran;

(b) \$1,500 for each job to be created that is filled by a nonveteran; and



1 (c) a waiver of a match requirement to allow the grant for job creation to be used to match federal funds.

2 (4) The total additional preference amounts allowed under subsection (3) may not exceed \$100,000 for
3 each veteran exercising a preference under this section or a maximum of \$500,000 for all veterans' preferences
4 exercised under this section in any 1 year. The department shall fill requests for preferences on a first-come,
5 first-served basis.

6 (5) A Montana veteran requesting a preference under subsection (3) shall provide:

7 (a) proof of veteran status, as determined by the department by rule; and

8 (b) evidence that the veteran creating the business has 51% or more ownership of the business and that
9 the veteran is an active participant in the business.

10 (6) If the department has not received eligible proposals for use in funding veteran-related proposals
11 under this section by the last funding cycle in a year, the department may release the remaining available funds
12 for use in other grants or loans under the big sky economic development program.

13 (7) The department may adopt rules to implement this section.

14

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

16 **"90-1-201. Big sky economic development program -- definitions.** (1) (a) There is a big sky economic
17 development program that consists of:

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

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

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

23 (2) The big sky economic development program consists of grants or loans made for the purposes of
24 this part to:

25 (a) local governments and tribal governments; and

26 (b) certified regional development corporations.

27 ~~(2)~~(3) As used in this part, the following definitions apply:

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

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

30 (c) "Economic development organization" means:

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

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

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

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

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

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

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

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

15 (h) "Veteran" has the meaning provided in 39-29-101.

16

17 **Section 3.** 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. A Montana veteran may request a preference as provided in [section 1] for an
22 otherwise eligible proposal.

23 (2) (a) A local government shall work with an economic development organization on a proposal.

24 (b) When working on behalf of a veteran creating a business in Montana, a tribal government may work
25 with any economic development organization in this state regardless of geographic location or may work directly
26 with the department.

27 (c) The department shall work with the local government and the economic development organization
28 or with an applicant tribal government in preparing cost estimates for a proposed project. In reviewing proposals,
29 the department may consult with other state agencies with expertise pertinent to the proposal.

30 ~~(2)(3)~~ (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 shall employ an approach pertaining to the use
 4 of funds so that, except as provided in subsection ~~(2)(b)~~ (3)(b), the needs of rural areas are balanced with the
 5 needs of the state's urban centers.

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

9 ~~(c)(4) (a) The rules must provide for the types of uses of funds~~ Funds available under the big sky
 10 economic development program: ~~The types of uses of funds may be used by:~~

11 (i) local governments and tribal governments;

12 (ii) economic development organizations; and

13 (iii) the department for administration of the big sky economic development program.

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

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

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

17 (C) rental assistance or lease buy-downs for a relocation or expansion project for a basic sector
 18 company; and

19 (D) a grant or low-interest loan, which if awarded under the veterans' preference in [section 1] may be
 20 used as matching funds for federal funds and is based on expected jobs to be created for business startups in
 21 which a Montana veteran meets the requirements of [section 1(5)].

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

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

24 (B) industrial development;

25 (C) feasibility studies;

26 (D) creation and maintenance of baseline community profiles; ~~and~~

27 (E) matching funds for federal funds, including but not limited to brownfields funds and natural resource
 28 damage funds; and

29 (F) a low-interest loan or grant to a business startup in which a Montana veteran is a founding owner
 30 or partner, has 51% or more ownership, and is an active participant in the business, as defined by the department

1 by rule.

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 the number of jobs~~
4 ~~expected to be created because of the funding.~~

5 ~~(ii)(5) (a) Funding~~ Except as provided in subsection (5)(b) or (5)(c), funding to be made available to local
6 governments, tribal governments, or certified regional development corporations may not exceed \$5,000 for each
7 expected job, except that funding.

8 (b) Funding for a project under this section in a high-poverty county may not exceed \$7,500 for each
9 expected job, except as provided in subsection (5)(c).

10 (c) The preference allowed under [section 1] for job creation by a Montana veteran may extend up to the
11 limits provided in [section 1] but may not exceed:

12 (i) (A) \$7,500 for each expected job created by a veteran and filled by a veteran as provided in [section
13 1(3)(a)] in a county that does not qualify as a high-poverty county; or

14 (B) \$10,000 for an expected job created by a veteran and filled by a veteran in a high-poverty county;
15 or

16 (ii) (A) \$6,500 for each expected job created by a veteran and filled by a nonveteran in a county that does
17 not qualify as a high-poverty county; or

18 (B) \$9,000 for an expected job created by a veteran and filled by a nonveteran in a high-poverty county.

19 ~~(iii)(d) The rules must require equal matching funds for a grant or loan, except that:~~

20 (i) the rules for a grant or a loan in a high-poverty county may allow a 50% to 100% match requirement
21 for the high-poverty county; and

22 (ii) the rules regarding a preference for veterans creating a business may waive a match requirement if
23 the grant or loan is being used to match federal funds.

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

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

27 ~~(g)(6)~~ A grant or loan under the big sky economic development program may be made only for a new
28 job that has an average weekly wage that meets or exceeds the lesser of 170% of Montana's current minimum
29 wage or the current average weekly wage of the county in which the employees are to be principally employed.
30 For purposes of this subsection ~~(2)(g) (6)~~ and subject to subsection ~~(2)(h) (7)~~, the department may consider the

1 value of employee benefits in determining whether the wage requirements have been met.

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

3

4 NEW SECTION. Section 4. Notification to tribal governments. The secretary of state shall send a
5 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
6 Chippewa tribe.

7

8 NEW SECTION. Section 5. Codification instruction. [Section 1] is intended to be codified as an
9 integral part of Title 90, chapter 1, part 2, and the provisions of Title 90, chapter 1, part 2, apply to [section 1].

10

11 NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2017.

12

- END -