

HOUSE BILL NO. 881

INTRODUCED BY E. BUTTREY

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO THE BIG SKY  
5 ECONOMIC DEVELOPMENT PROGRAM; REMOVING LOCAL AND TRIBAL GOVERNMENTS AS ELIGIBLE  
6 APPLICANTS; ALLOWING BUSINESSES TO APPLY DIRECTLY TO THE PROGRAM; REMOVING  
7 REQUIREMENTS RELATING TO HIGH-POVERTY COUNTIES; REMOVING REQUIREMENTS  
8 ASSOCIATED WITH JOB CREATION; REMOVING ALLOCATIONS FOR DISTRIBUTIONS TO LOCAL OR  
9 TRIBAL GOVERNMENTS AND CERTIFIED REGIONAL DEVELOPMENT CORPORATIONS; ALLOWING  
10 AWARDS FOR WORKFORCE ACTIVITIES; REVISING A STATUTORY APPROPRIATION ALLOCATION;  
11 TRANSFERRING FUNDS FROM THE MICROBUSINESS FINANCE PROGRAM ADMINISTRATIVE  
12 ACCOUNT TO THE ECONOMIC DEVELOPMENT STATE SPECIAL REVENUE ACCOUNT; TRANSFERRING  
13 FUNDS FROM THE PRIMARY SECTOR BUSINESS TRAINING ACCOUNT TO THE ECONOMIC  
14 DEVELOPMENT STATE SPECIAL REVENUE ACCOUNT; TRANSFERRING DEFEDERALIZED ECONOMIC  
15 DEVELOPMENT FUNDS FROM THE DEPARTMENT OF COMMERCE TO THE ECONOMIC  
16 DEVELOPMENT STATE SPECIAL REVENUE ACCOUNT; EXTENDING THE SUNSET DATE ON THE COAL  
17 SEVERANCE TAX TRUST FUND FOR THE BIG SKY ECONOMIC DEVELOPMENT PROGRAM; REVISING  
18 DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 17-5-703, 17-6-407, 17-6-  
19 409, 39-11-205, 90-1-201, 90-1-202, 90-1-203, 90-1-204, AND 90-1-205, MCA; AND PROVIDING AN  
20 EFFECTIVE DATE."

21  
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23  
24 **Section 1.** Section 17-5-703, MCA, is amended to read:

25 **"17-5-703. (Temporary) Coal severance tax trust funds.** (1) The trust established under Article IX,  
26 section 5, of the Montana constitution is composed of the following funds:

27 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
28 severance tax must be deposited;

- 1 (b) a Montana coal endowment fund;
- 2 (c) a Montana coal endowment regional water system fund;
- 3 (d) a coal severance tax permanent fund;
- 4 (e) a coal severance tax income fund;
- 5 (f) a big sky economic development fund; and
- 6 (g) a school facilities fund.

7 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet  
8 all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12  
9 months and retain that amount in the coal severance tax bond fund.

10 (b) The amount in the coal severance tax bond fund in excess of the amount required in  
11 subsection (2)(a) must be transferred from that fund as provided in subsections (4) and (5).

12 (3) (a) The state treasurer shall monthly transfer from the Montana coal endowment fund to the  
13 Montana coal endowment special revenue account the amount of earnings, excluding unrealized gains and  
14 losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-  
15 710. Earnings not transferred to the Montana coal endowment special revenue account must be retained in the  
16 Montana coal endowment fund.

17 (b) The state treasurer shall monthly transfer from the Montana coal endowment regional water  
18 system fund to the Montana coal endowment regional water system special revenue account the amount of  
19 earnings, excluding unrealized gains and losses, required to meet the obligations of the state that are payable  
20 from the account for regional water systems authorized under 90-6-715. Earnings not transferred to the  
21 Montana coal endowment regional water system special revenue account must be retained in the Montana coal  
22 endowment regional water system fund.

23 (4) (a) Starting July 1, 2017, the state treasurer shall quarterly transfer to the school facilities fund  
24 provided for in 20-9-380(1) 75% of the amount in the coal severance tax bond fund in excess of the amount that  
25 is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state treasurer  
26 when the balance of the school facilities fund is \$200 million. Beginning with the quarter following this  
27 certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 75% of the  
28 amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be

1 retained in the fund.

2 (b) The state treasurer shall monthly transfer from the school facilities fund to the account  
3 established in 20-9-525 the amount of earnings, excluding unrealized gains and losses, required to meet the  
4 obligations of the state that are payable from the account. Earnings not transferred to the account established  
5 in 20-9-525 must be retained in the school facilities fund.

6 (5) (a) From July 1, 2005, through June 30, ~~2025~~ 2035, the state treasurer shall quarterly transfer  
7 to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of  
8 the amount that is specified in subsection (2) to be retained in the fund.

9 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the  
10 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding  
11 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in  
12 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account  
13 must be retained in the big sky economic development fund.

14 (6) Any amount in the coal severance tax bond fund in excess of the amount that is specified in  
15 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
16 deposited in the coal severance tax permanent fund. (Terminates June 30, 2031--secs. 1 through 3, Ch. 305, L.  
17 2015.)

18 **17-5-703. (Effective July 1, 2031) Coal severance tax trust funds.** (1) The trust established under  
19 Article IX, section 5, of the Montana constitution is composed of the following funds:

20 (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal  
21 severance tax must be deposited;

22 (b) a Montana coal endowment fund;

23 (c) a coal severance tax permanent fund;

24 (d) a coal severance tax income fund;

25 (e) a big sky economic development fund; and

26 (f) a school facilities fund.

27 (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet  
28 all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12

1 months and retain that amount in the coal severance tax bond fund.

2 (b) The amount in the coal severance tax bond fund in excess of the amount required in  
3 subsection (2)(a) must be transferred from that fund as provided in subsections (4) and (5).

4 (3) The state treasurer shall monthly transfer from the Montana coal endowment fund to the  
5 Montana coal endowment special revenue account the amount of earnings, excluding unrealized gains and  
6 losses, required to meet the obligations of the state that are payable from the account in accordance with 90-6-  
7 710. Earnings not transferred to the Montana coal endowment special revenue account must be retained in the  
8 Montana coal endowment fund.

9 (4) (a) Starting July 1, 2017, the state treasurer shall quarterly transfer to the school facilities fund  
10 provided for in 20-9-380(1) 75% of the amount in the coal severance tax bond fund in excess of the amount that  
11 is specified in subsection (2) to be retained in the fund. The budget director shall certify to the state treasurer  
12 when the balance of the school facilities fund is \$200 million. Beginning with the quarter following this  
13 certification, the state treasurer shall instead transfer to the coal severance tax permanent fund 75% of the  
14 amount in the coal severance tax bond fund that exceeds the amount that is specified in subsection (2) to be  
15 retained in the fund.

16 (b) The state treasurer shall monthly transfer from the school facilities fund to the account  
17 established in 20-9-525 the amount of earnings, excluding unrealized gains and losses, required to meet the  
18 obligations of the state that are payable from the account. Earnings not transferred to the account established  
19 in 20-9-525 must be retained in the school facilities fund.

20 (5) (a) From July 1, 2005, through June 30, ~~2025~~ 2035, the state treasurer shall quarterly transfer  
21 to the big sky economic development fund 25% of the amount in the coal severance tax bond fund in excess of  
22 the amount that is specified in subsection (2) to be retained in the fund.

23 (b) The state treasurer shall monthly transfer from the big sky economic development fund to the  
24 economic development special revenue account, provided for in 90-1-205, the amount of earnings, excluding  
25 unrealized gains and losses, required to meet the obligations of the state that are payable from the account in  
26 accordance with 90-1-204. Earnings not transferred to the economic development special revenue account  
27 must be retained in the big sky economic development fund.

28 (6) Any amount in the coal severance tax bond fund in excess of the amount that is specified in

1 subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be  
2 deposited in the coal severance tax permanent fund."

3

4 **Section 2.** Section 17-6-407, MCA, is amended to read:

5 **"17-6-407. Microbusiness development loan account and finance program administrative**  
6 **account-- criteria -- limitations.** (1) (a) There is in the state special revenue fund a microbusiness  
7 development loan account into which funds allocated for that purpose ~~and money received in repayment of the~~  
8 ~~principal of development loans~~ AND MONEY RECEIVED IN REPAYMENT OF THE PRINCIPAL OF DEVELOPMENT LOANS  
9 must be deposited.

10 (b) The department may make development loans from the account to a certified microbusiness  
11 development corporation.

12 ~~(c) Interest earned on the account must be deposited in the microbusiness finance program~~  
13 ~~administrative account established in subsection (2).~~

14 (2) There is ~~in the state special revenue fund a microbusiness finance program administrative~~  
15 ~~account into which~~ an economic development state special revenue account created in 90-1-205 in which the  
16 following money must be deposited:

17 (a) all interest received on development loans received directly from microbusiness development  
18 corporations;

19 (b) service charges or fees received from certified microbusiness development corporations;

20 (c) grants, donations, and private or public income; and

21 (d) all interest earned on money in the account and interest earned on money in the account  
22 provided for in subsection (1)(a).

23 ~~(3) Money in the administrative account may be transferred to the development loan account or be~~  
24 ~~used to pay the costs of the program, including personnel, travel, equipment, supplies, consulting costs, and~~  
25 ~~other operating expenses of the program.~~

26 ~~(4)~~(3) Subject to subsection (1), a certified microbusiness development corporation that receives a  
27 development loan may apply for an additional loan if the applicant meets the performance criteria established  
28 by the department.

1           ~~(5)~~(4) To establish the criteria for making development loans, the department shall consider:

2           (a) the plan for providing services to microbusinesses;

3           (b) the scope of services to be provided by the certified microbusiness development corporation;

4           (c) the geographic representation of all regions of the state, including urban, rural, and tribal  
5 communities;

6           (d) the plan for providing service to minorities, women, and low-income persons;

7           (e) the ability of the corporation to provide business training and technical assistance to  
8 microbusiness clients;

9           (f) the ability of the corporation, with a plan, to:

10          (i) monitor and provide financial oversight of recipients of microbusiness loans;

11          (ii) administer a revolving loan fund; and

12          (iii) investigate and qualify financing proposals and to service credit accounts;

13          (g) sources and sufficiency of operating funds for the certified microbusiness development  
14 corporation; and

15          (h) the intent of the corporation, with a plan and written indications of local institutional support, to  
16 provide services to a designated multicounty region of the state.

17          ~~(6)~~(5) Development loan funds may be used by a certified microbusiness development corporation to:

18          (a) satisfy matching fund requirements for other state, federal, or private funding only if funding is  
19 intended and used for the purpose of providing or enhancing the certified microbusiness development  
20 corporation's ability to provide and administer loans, technical assistance, or management training to  
21 microbusinesses;

22          (b) establish a revolving loan fund from which the certified microbusiness development corporation  
23 may make loans to qualified microbusinesses, provided that a single loan does not exceed \$100,000 and the  
24 outstanding balance of all loans to a microbusiness or a project participated in by more than one microbusiness  
25 or to two or more microbusinesses in which any one person holds more than a 20% equity share does not  
26 exceed \$100,000;

27          (c) establish a guarantee fund from which the certified microbusiness development corporation  
28 may guarantee loans made by financial institutions to qualified microbusinesses. However, a single guarantee

1 may not exceed \$100,000, and the aggregate of all guarantees to a microbusiness or a project participated in  
2 by more than one microbusiness or to two or more microbusinesses in which any one person holds more than a  
3 20% equity share may not exceed \$100,000.

4 ~~(7)~~(6) Development loan funds may not be:

5 (a) loaned for relending or investment in stocks, bonds, or other securities or for property not  
6 intended for use in production by the recipient of the loan; or

7 (b) used to:

8 (i) refinance a nonperforming loan held by a financial institution; or

9 (ii) pay the operating costs of a certified microbusiness development corporation. However,  
10 interest income earned from the proceeds of a development loan may be used to pay operating expenses.

11 ~~(8)~~(7) Certified microbusiness development corporations are required to contribute cash from other  
12 sources to leverage and secure development loans from the program. Contributions provided by the  
13 corporation must be on a ratio of at least \$1 from other sources for each \$6 from the program. These  
14 contributions may come from a public or private source other than the program and may be in the form of equity  
15 capital, loans, or grants.

16 ~~(9)~~(8) Development loans must be made pursuant to a development loan agreement and may be  
17 amortization or term loans, bear interest at less than the market rate, be renewable, be callable, and contain  
18 other terms and conditions considered appropriate by the department and that are consistent with the purposes  
19 of and with rules promulgated to implement this part.

20 ~~(10)~~(9) Each certified microbusiness development corporation that receives a development loan under  
21 this part shall provide the department with an annual audit from an independent certified public accountant. The  
22 audit must cover all of the microbusiness development corporation's activities and must include verification of  
23 compliance with requirements specific to the microbusiness program.

24 ~~(11)~~(10) A certified microbusiness development corporation that is in default for nonperformance under  
25 rules established by the department may be required to refund the outstanding balance of development loans  
26 awarded prior to the default declaration. A development loan is secured by a first lien on all funds and all  
27 receivables administered under the authority of the microbusiness development act by the corporation receiving  
28 the loan."

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2           **Section 3.** Section 17-6-409, MCA, is amended to read:

3           **"17-6-409. Authority to accept funds -- funding authorization.** ~~(4)~~The department may accept  
4 grants, donations, and other private and public income, including payments of interest on loans made by the  
5 department under the provisions of this part and fees charged by the department. The department shall deposit  
6 all money received under this section in the ~~microbusiness finance program administrative account established~~  
7 ~~in 17-6-407~~ economic development state special revenue account established in 90-1-205.

8           ~~(2) The money in the microbusiness finance program administrative account may be appropriated for~~  
9 ~~the purposes stated in this part."~~

10

11           **Section 4.** Section 39-11-205, MCA, is amended to read:

12           **"39-11-205. Primary sector business training account.** (1) There is an account in the state special  
13 revenue fund called the primary sector business training account.

14           (2) On July 1 of each year, the state treasurer shall transfer any funds appropriated to the  
15 department of commerce primary sector business training program from the general fund to the primary sector  
16 business training account.

17           (3) ~~Money~~ Subject to legislative fund transfer, the money deposited or retained in the account must  
18 be used for:

19           (a) the primary sector business training program;

20           (b) program costs; and

21           (c) expenses incurred in administering the primary sector business training program.

22           (4) Money deposited in the account must be retained and may not revert to the general fund.

23           (5) All interest earned on money in the account must be retained and used for the purposes  
24 outlined in subsection (3)."

25

26           **Section 5.** Section 90-1-201, MCA, is amended to read:

27           **"90-1-201. Big sky economic development program -- definitions.** (1) (a) There is a big sky  
28 economic development program that consists of:



- 1 (i) the big sky economic development fund established in 17-5-703; and
- 2 (ii) the economic development special revenue account provided for in 90-1-205.
- 3 (b) Interest and income from the big sky economic development fund may be used to administer
- 4 the big sky economic development program and to provide financial assistance for qualified economic
- 5 development purposes under this part.
- 6 (2) As used in this part, the following definitions apply:
- 7 ~~(a) "Certified regional development corporation" has the meaning provided in 90-1-116.~~
- 8 ~~(b)(a) "Department" means the department of commerce provided for in 2-15-1801.~~
- 9 ~~(e)(b) "Economic development organization" means:~~
- 10 (i) ~~(A) a private, nonprofit corporation, as provided in Title 35, chapter 2, that is exempt from~~
- 11 ~~taxation 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); or~~
- 12 ~~(B) an entity certified by the department under 90-1-116; or~~
- 13 ~~(C) an entity established by a local government; or~~
- 14 (ii) an entity actively engaged in economic development and business assistance work in a region
- 15 of the state.
- 16 ~~(d) "Employee benefits" means health, welfare, and pension contributions that meet the requirements~~
- 17 ~~of the Employee Retirement Income Security Act of 1974, 29 U.S.C. 1001, et seq.~~
- 18 (c) "Eligible business" means a for-profit or nonprofit business OR TRIBALLY OWNED BUSINESS that is
- 19 engaged in business activities in the state that will provide a significant positive economic impact to the
- 20 community, region, or state.
- 21 ~~(e) "High poverty county" means a county in this state that has a poverty rate greater than Montana's~~
- 22 ~~average poverty rate as determined by the U.S. bureau of the census estimates for the most current year~~
- 23 ~~available.~~
- 24 ~~(f) "Local government" means a county, consolidated government, city, town, or district or local public~~
- 25 ~~entity with the authority to spend or receive public funds.~~
- 26 ~~(g) "Tribal government" means one of the federally recognized tribal governments of Montana."~~

27  
28

**Section 6.** Section 90-1-202, MCA, is amended to read:

1           **"90-1-202. Purpose.** (1) The legislature finds and declares that economic development is a public  
2 purpose. The purpose of the big sky economic development program is to assist in economic development for  
3 Montana that will:

- 4           (a) create good-paying jobs for Montana residents;
- 5           (b) promote long-term, stable economic growth in Montana;
- 6           ~~(c) encourage local economic development organizations;~~
- 7           ~~(d) create partnerships between the state, local governments, tribal governments, and local economic~~  
8 ~~development organizations that are interested in pursuing these same economic development goals;~~
- 9           ~~(e)(c)~~ retain or expand existing businesses;
- 10          ~~(f)(d)~~ provide a better life for future generations through greater economic growth and prosperity in  
11 Montana; and
- 12          ~~(g)(e)~~ encourage workforce development, ~~including workforce training and job creation, in high-~~  
13 ~~poverty counties by providing targeted assistance.~~

14           (2) As provided in 30-20-206, manufacturing ammunition components is a qualified economic  
15 development purpose."

16  
17           **Section 7.** Section 90-1-203, MCA, is amended to read:

18           **"90-1-203. Types of financial assistance available.** (1) The department shall provide for and make  
19 grants and loans available to ~~local governments and tribal governments~~ eligible businesses for economic  
20 development projects ~~and to certified regional development corporations~~ from the money in the economic  
21 development special revenue account provided for in 90-1-205.

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

24  
25           **Section 8.** Section 90-1-204, MCA, is amended to read:

26           **"90-1-204. Priorities for funding -- rulemaking.** (1) Under the big sky economic development  
27 program provided for in 90-1-201, the department must receive proposals for grants and loans from ~~local~~  
28 ~~governments and tribal governments~~ eligible businesses AND MAY ACCEPT PROPOSALS FROM ECONOMIC

1 DEVELOPMENT ORGANIZATIONS AND PREFERRED LENDERS ON BEHALF OF BUSINESSES. A local government shall  
2 Eligible businesses may work with an economic development organization on a proposal. The department shall  
3 work with the local government eligible businesses and the economic development organization or with an  
4 applicant tribal government in preparing cost estimates for a proposed project. In reviewing proposals, the  
5 department may consult with other state agencies with expertise pertinent to the proposal.

6 (2) (a) The department shall adopt rules necessary to implement the big sky economic  
7 development program prioritizing loans over grants when reasonable IN COLLABORATION WITH ECONOMIC  
8 DEVELOPMENT ORGANIZATIONS ACTIVELY SERVING COMMUNITIES. THE DEPARTMENT SHALL CONSIDER LOW-INTEREST  
9 LOANS, FORGIVABLE LOANS, AND GRANTS WHEN ADOPTING RULES. ~~In adopting rules, the department shall look to~~  
10 ~~the rules adopted for the Montana coal endowment program and other similar state programs. To the extent~~  
11 ~~feasible, the department shall make the rules compatible with those other programs. To the extent feasible, the~~  
12 ~~department shall employ an approach pertaining to the use of funds so that, except as provided in subsection~~  
13 ~~(2)(b), the needs of rural areas are balanced with the needs of the state's urban centers.~~

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

17 (c) ~~(b)~~ The rules must provide for the types of uses of funds available under the big sky economic  
18 development program. The types of uses of funds by these funds include but are not limited to:

19 (i) ~~local governments and tribal governments include but are not limited to:~~

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

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

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

25 (iv) short-term working capital loans; and

26 (v) workforce activities or job creation; AND

27 (VI) PLANNING PROJECTS THAT WOULD PROVIDE SIGNIFICANT ECONOMIC BENEFIT TO REQUIRE MATCHING  
28 FUNDS TO BE CONSIDERED.

- 1           ~~(ii) a certified regional development corporation or a tribal government include:~~  
2           ~~(A) support for business improvement districts and central business district redevelopment;~~  
3           ~~(B) industrial development;~~  
4           ~~(C) feasibility studies;~~  
5           ~~(D) creation and maintenance of baseline community profiles; and~~  
6           ~~(E) matching funds for federal funds, including but not limited to brownfields funds and natural~~  
7 ~~resource damage funds.~~

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

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

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

16           ~~(e)(d) The rules may provide for greater incentives for a high-poverty rural county.~~

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

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

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

25

26           **Section 9.** Section 90-1-205, MCA, is amended to read:

27           **"90-1-205. Economic development special revenue account.** (1) There is an economic  
28 development state special revenue account. The account receives earnings from the big sky economic

1 development fund as provided in 17-5-703. The money in the account may be used only as provided in this  
2 part.

3 (2) The money in the account is statutorily appropriated, as provided in 17-7-502, to the  
4 department. ~~Of the~~ The money that is deposited in the account that is not must be used as provided in this part,  
5 for administrative expenses, or for other economic development purposes:

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 10. Fund transfers to economic development state special revenue**

13 **account.** By September 1, 2023, the state treasurer shall transfer all funds from the following accounts to the  
14 economic development state special revenue account established in 90-1-205:

15 (1) the microbusiness finance program administrative account established in 17-6-407; and

16 (2) the primary sector business training account established in 39-11-205.

17  
18 **NEW SECTION. Section 11. Transfer of defederalized economic development funds.** (1) By

19 September 1, 2023, AND BY SEPTEMBER 1 OF SUBSEQUENT YEARS IN WHICH FUNDS BECOME AVAILABLE, the state  
20 treasurer shall transfer the following defederalized funds to the economic development state special revenue  
21 account established in 90-1-205:

22 (a) all American Rescue Plan Act of 2021, Public Law 117-2, funds ~~authorized by the American~~  
23 ~~rescue plan economic transformation and stabilization and workforce development advisory commission in~~

24 ~~sections 11 and~~ APPROPRIATED IN SECTION 12, Chapter 401, Laws of 2021, TO THE OFFICE OF BUDGET AND  
25 PROGRAM PLANNING AND ALLOCATED for use by the department of commerce for economic development  
26 programs, EXCEPT PROGRAMS ADMINISTERED BY THE BOARD OF INVESTMENTS;

27 (b) all state small business credit initiative funds authorized by section 15, Chapter 401, Laws of  
28 2021, and section 3301 of the American Rescue Plan Act of 2021, Public Law 117-2;

1 (c) all U.S. economic development administration revolving loan funds administered at the  
2 department of commerce; and

3 (d) any other defederalized economic development funds administered at the department of  
4 commerce.

5 (2) For the purposes of this section, "defederalized" means the federal government has released  
6 the federal requirements associated with specific awarded funds; and therefore these funds are no longer  
7 considered federal funds and are released of any former obligations of the federal award.

8  
9 **NEW SECTION. Section 12. Notification to tribal governments.** The secretary of state shall send a  
10 copy of [this act] to each federally recognized tribal government in Montana.

11  
12 **NEW SECTION. Section 13. Effective date.** [This act] is effective July 1, 2023.

13 - END -