

Possible revisions to Big Sky Economic Development Program based on SJR 20 Study

Option 1 - Revise the definition of high-poverty county to be a county that has a poverty rate that is greater than the Montana average poverty rate. (Amends definition in (2)(e).)

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

- (i) the big sky economic development fund established in 17-5-703; and
- (ii) the economic development special revenue account provided for in 90-1-205.

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

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

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

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

(c) "Economic development organization" means:

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

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

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

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

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

(e) "High-poverty county" means a county in this state ~~in which 14% or more of people of all ages are in~~ that has a poverty rate greater than Montana's average poverty rate as determined by the U.S. bureau of the census estimates for the most current year available.

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

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

Option 2 - Revises the definition of high-poverty county to include high-unemployment and to reflect a poverty rate that is greater than the Montana average poverty rate. (Amends definition in (2)(e) plus other sections that refer to high-poverty county to include high-poverty, high-unemployment county.)

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

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

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

(e) "High-poverty, high-unemployment county" means: a county in this state in which 14% or more of people of all ages are in that has:

(i) a poverty rate greater than Montana's average poverty rate as determined by the U.S. bureau of the census estimates for the most current year available; and

(ii) an unemployment rate greater than Montana's average unemployment rate as determined by the bureau of labor statistics for the most current year available.

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

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

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

(a) create good-paying jobs for Montana residents;

(b) promote long-term, stable economic growth in Montana;

(c) encourage local economic development organizations;

(d) create partnerships between the state, local governments, tribal governments, and local economic development organizations that are interested in pursuing these same economic development goals;

(e) retain or expand existing businesses;

(f) provide a better life for future generations through greater economic growth and prosperity in Montana; and

(g) encourage workforce development, including workforce training and job creation, in high-poverty, high-unemployment counties by providing targeted assistance.

(2) As provided in 30-20-206, manufacturing ammunition components is a qualified

economic development purpose.

90-1-204. Priorities for funding — rulemaking. (1) Under the big sky economic development program provided for in 90-1-201, the department must receive proposals for grants and loans from local governments and tribal governments. A local government shall work with an economic development organization on a proposal. The department shall work with the local government and the economic development organization or with an applicant tribal government in preparing cost estimates for a proposed project. In reviewing proposals, the department may consult with other state agencies with expertise pertinent to the proposal.

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

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

(c) The rules must provide for the types of uses of funds available under the big sky economic development program. The types of uses of funds by:

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

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

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

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

(ii) a certified regional development corporation or a tribal government include:

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

(B) industrial development;

(C) feasibility studies;

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

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

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

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

(iii) The rules must require equal matching funds for a grant or loan, except that the rules for a grant or a loan in a high-poverty, high-unemployment county

may allow a 50% to 100% match requirement for the high-poverty, high-unemployment county.

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

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

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

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