

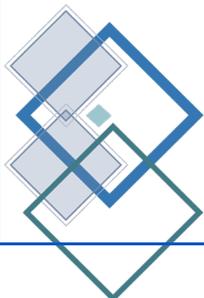


DEPARTMENT OF COMMERCE OVERVIEW

Department Head

Tara Rice, Director (Appointed by governor; confirmed by the Senate)

Duties/Responsibilities	
Research/Marketing Promotion	Business and Community Assistance
<ul style="list-style-type: none"> Establishes and maintains a central depository of Montana census and economic information, including synthesis of economic and social studies data related to planning and economic development for the state and regional groups/planners. Has state responsibility to educate about decennial census. Promotes and markets Montana as a travel and film destination, which includes coordinating with tribal governments and Governor's Office of Indian Affairs for Indian Country tourism and economic development. Studies and promotes market expansion of Montana products, including training and assistance to manufacturers of local products. Provides housing data and information on available governmental housing assistance programs. 	<ul style="list-style-type: none"> Supports businesses through business planning, industry and market research, financial assistance, access to capital, tradeshow assistance, and export trade assistance. Supports entrepreneurs in new economic enterprises in partnership with state and local business development groups and tribal governments. Supports communities through the development of public infrastructure, including water, wastewater, bridges, and Main Street revitalization. Cooperates with and provides technical assistance to local governments and their planning or zoning commissions or other agencies involved in community development. Collaborates with the Governor's Office of Economic Development. Advises and assists Montana business/labor and local/tribal communities in economic development, including compiling and maintaining some information on development sites and preservation of historical sites. Provides rental assistance programs to local landlords to assist renters in making monthly rent that they can afford.
Advisory Oversight (staffed by Commerce)	Grantmaking
<ul style="list-style-type: none"> Board of Horseracing (2-15-1809, MCA) Board of Housing (2-15-1814, MCA) Coal Board (2-15-1821, MCA) Board of Research and Commercialization Technology (2-15-1819, MCA) – the board remains in statute but the Legislature removed spending authority. Hard-Rock Mining Impact Board (2-15-1822, MCA) State Tribal Economic Development Commission (90-1-131, MCA) Tourism Advisory Council (2-15-1816, MCA) 	<p>Administers economic and community development grant programs, including:</p> <ul style="list-style-type: none"> the community infrastructure grant program (Treasure State Endowment Program (TSEP) – Title 90, ch. 6, part 7, MCA); community development block grants (CDBG) under general authority in 90-1-103, MCA; housing grants (HOME Investment Partnership Program and the Housing Trust Fund); historic preservation grants; tourism, film, and Mainstreet MT program grants; export trade and tradeshow assistance grants; coal and hard-rock mining impact grants; Indian Country grants; and Business grants under the Big Sky Economic Development Fund and workforce training. Board of Housing (2-15-1814, MCA)



For February 2020

Department of Commerce Overview
Economic Affairs Interim Committee

Oversight (with board itself overseeing personnel)	Loan Programs
<ul style="list-style-type: none">• Board of Investments (2-15-1808, MCA)• Montana Facility Finance Authority (2-15-1815, MCA)• Montana Heritage Preservation & Development Commission (22-3-1002, MCA)	<p>Administers loan programs, including:</p> <ul style="list-style-type: none">• microbusiness and other business development loan programs and provides technical assistance and training.• Homeownership loan programs• Veterans home loan programs• Multifamily Coal Trust Homes program• Multifamily loan programs; and• Revolving loan programs. <p>Works with the Department of Agriculture on Growth through Agriculture grants/loans.</p>

Required Reports

Under HB 293 (2019), the Montana Economic Development Industry Advancement Act, the Department of Commerce is required to provide a written report to the Revenue Interim Committee on the economic impact of the tax credits provided for in the MEDIA Act, Title 15, chapter 31, part 10.

The department has discretion on whether to respond to local government requests to review federal land management proposals affecting those local governments and to report to the Legislature, if assistance was provided under 90-1-182, MCA. Past reports by the Department of Commerce have indicated no requests.

A status report is required biennially under 90-1-503, MCA, on loans made under the distressed wood product industry program under Title 90, chapter 1, part 5, MCA.

Legislative Audits

- Financial compliance audit for the Montana Facility Finance Authority, [18-12](#), March 2019. The report, which contained no recommendations, resulted in an unmodified opinion that information could be relied on.
- Financial compliance audit for the Department of Commerce. [17-16](#), March 2018. This audit followed up on recommendations in an earlier financial compliance audit. New findings included concern about:
 - compliance with state procurement policy required by federal regulations in Section 8 Housing Choice Vouchers;
 - internal controls related to fund transfers and monitoring of grant funds by subgrantees; and
 - fees for an internal service fund not being commensurate with costs.
- Performance audit for Tourism Marketing and Promotion at the Department of Commerce, [18P-03](#), October 2019. Findings included a conclusion that the department followed best practices in its request for proposals related to hiring a tourism promotion contractor. Recommendations included improving consistency for the award,

MFFA's audit described outstanding "conduit debt" of \$949.7 million as of June 30, 2017, and \$991 million as of June 30, 2018. The financing can be in revenue bonds and notes, loans from the Permanent Coal Tax Trust Fund, or loans from MFFA's account. Eligible entities are certain health care facilities, nonprofit small manufacturing facilities, and pre-release centers.

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Department of Commerce Overview Economic Affairs Interim Committee

evaluation, and documentation of tourism grants and improving oversight of tourism regions and convention and visitor bureaus using lodging facility use tax distributions.

- The latest audits for the Board of Housing and the Board of Investments had no recommendations.

Hot Topics and Areas of Interest to Economic Affairs Interim Committee

- The SJ 24 study of distribution of the lodging facility use tax.
- Economic development funding availability as revenues from the Coal Tax Trust Fund are potentially redirected.
- Followup on HB 652 (2019), which provided infrastructure funding through the Delivering Local Assistance Program.
- Followup on SB 338, which established the Montana Historic Preservation Grant Program. Applications are due Feb. 28.

Department of Commerce – Biennium budget for FY 2020 and FY 2021

Divisions	FTE	House Bill 2			Proprietary/ Off-Budget *	Total: All Sources Biennium
		General Fund	State Special Revenue	Federal Special Revenue		
Department of Commerce	210.38	\$14,874,991	\$140,134,345	\$44,803,206	\$144,564,651	\$345,127,193
Director's Office ▪ Office of Public Information ▪ Office of Legal Affairs ▪ Office of Accounting & Budget ▪ Office of Information Technology	19.5		\$1,150,000		\$4,673,302	\$5,823,302
Office of Tourism and Business Development ▪ Office of Tourism/Business Development HB 2 & HB 632 ▪ Business Development (SA 15-35-108) ▪ Promotions & Trade (SA 15-65-121 & 90-1-115, MCA) ▪ Big Sky Trust Fund (SA 90-1-205 MCA) ▪ Distressed Wood Products (90-1-504) ▪ Research-Commercialization (90-3- 1003)	63.85	\$13,021,406	\$73,339,332	\$4,340,930		\$90,701,668
	21.35	\$9,421,406	\$4,815,609	\$1,692,444		\$15,929,459
	4.0	\$3,600,000				\$3,600,000
	32.5		\$59,246,850			\$59,246,850
	4.0		\$8,123,520			\$8,123,520
	2.0		\$1,153,353	\$2,648,486		\$3,801,839
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Community Development	26.45	\$1,853,585	\$63,314,637	\$39,312,276		\$104,480,498
• Community Development Block Grant		\$944,427		\$16,463,356		\$17,407,783
• Treasure State Endowment Program			\$19,967,648			\$19,967,648
• Community Technical Assistance (CTAP)		\$909,158				\$909,158
• HB 652 & HB 715 (2019)			\$35,101,553			\$35,101,553
• HOME				\$16,848,920		
• Coal Board			\$7,292,792			\$7,292,792

For February 2020

Department of Commerce Overview
Economic Affairs Interim Committee

Divisions	FTE	House Bill 2			Proprietary/ Off-Budget *	Total: All Sources Biennium
		General Fund	State Special Revenue	Federal Special Revenue		
• Hard Rock Mining Impact Board			\$952,644			\$952,644
• Housing Trust Fund Program				\$6,000,000		\$6,000,000

Information from the Department of Commerce, January and February 2020 emails. The material is reorganized to parallel other agencies' data.

Revised Accommodations Tax and SJ 24 Study Tie

SB 338 provided additional funding for tourism promotion to the Department of Commerce, starting in January 2025. Although legislatures may change the statute before that date, the additional funds are a portion of the sales tax imposed on accommodations as defined in Title 15, chapter 68. Previously that sales tax revenue went to the general fund, except for a 5% vendors' allowance. The 5% vendors' allowance will remain, but SB 338 provided that some of the distributions after 2025 would go not only to the purposes of SB 338 (operation and maintenance of the Montana Heritage Center and historic preservation grants) but that 9% of the additional funds after transfers would go to many of the same purposes as the lodging facility use tax, according to the Department of Commerce. The statute revisions to 15-68-820, MCA, are similar to the distributions under 15-65-121, MCA, (the lodging facility use tax), except that the Tourism Advisory Council will have no say in the distribution of funds to the Regional Nonprofit Tourism Corporations or the Convention and Visitors' Bureaus. The Department of Commerce already has adopted rules for grants to historic preservation projects ARM 8.94.3101 and 8.94.3102.

Accommodations Tax* T 15, ch. 68	
*Increased to 4% (from 3%) in January 2020.	
On and after 1/1/2025*	
Collectors (lodging, campgrounds, vehicle renters) get 5% vendor allowance under 15-68-510, MCA	
*Revised Funding (after transfers)	
Dept of Commerce 15-68-820(5)(b)	68.5% (6.2% new)
Reg'l Nonprofit Tourism Corps	24% (2.2% new)
STED (no change)	0.5% (0 new)
*Fish, Wildlife, and Parks gets an added 0.6%.	