

Commerce Legislative Proposals

2023 Legislative Session

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Commerce Legislative Proposals

1. Revise bond allocation plan
2. Eliminate L&C license plate pass through
3. Update MFFA public hearing process
4. Authorize STIP investment for NACS (Gap Financing Program)
5. Create statutory appropriation for Indian Tourism
6. Remove bond issuance cap and expand eligible entities for MFFA services
7. Modernize Big Sky Economic Development Program
8. Expand Montana Exports
9. Revise Distressed Wood Products Program
10. Revise Tourism Advisory Council structure
- ~~11. Increase statutory funding for SBDC Program~~



Commerce Legislative Proposals

Housekeeping

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Modernizing

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Housekeeping Proposals

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1. Revise Bond Allocation Plan

- Statute:
 - 17-5-1312
- Summary
 - The Montana Unified Volume Bond Allocation Plan Act governs the process by which the State of Montana issues private activity bonds under Section 141 of the Internal Revenue Code.
 - Section 17-5-1312 establishes set-aside percentages based on the state issuer.
 - This legislation proposes to remove the set-asides and allow for state issuers to issue bonds as needed.
 - Additionally, the legislation removes outdated references such as the Montana higher education student assistance corporation (MHESAC) since it is no longer an eligible issuer.



2. Eliminate L&C License Plate Pass Through

- Statutes
 - 2-15-151, 90-1-115
- Summary
 - This proposed legislative request stems from Red Tape Review.
 - Centers around the fees collected from the specialty license plate for the Lewis & Clark bicentennial commission.
 - These are statutorily distributed by DOR to DOC to three specific entities.
 - This legislation will eliminate Commerce's role as an unnecessary middle party.
 - Directs Revenue to distribute the funds directly to the three beneficiaries.



3. Update MFFA Public Hearing Process

- Statute:
 - 90-7-225(3)
- Summary
 - Simple, housekeeping bill.
 - In 2019, the federal government updated public hearing requirements under the Tax Equity and Fiscal Responsibility Act (TEFRA).
 - This bill simply proposes to update hearing requirements outlined in statute to align with the modern changes.



4. Authorize STIP Investment for NACS Program

- Summary
 - Simple, housekeeping bill.
 - Creating authority for Commerce to retain interest earned on the Gap Financing Program account. This will allow us to invest the funds in the Short Term Investment Pool (STIP) with BOI.
 - The Gap Financing Program was created by a line-item appropriation in HB 2 during the 2015 legislative session. The program is now run under the name: Native American Collateral Support Program.



5. Create Statutory Appropriation for Indian Tourism

- Statutes
 - 90-1-135, 17-7-502
- Summary
 - Under 15-65-121, MCA, 0.5% of the lodging facility use tax is deposited into the state special revenue account created in 90-1-135 for use by the State-Tribal Economic Development Commission (STED).
 - Every session, Commerce requests authority to spend the money in the account via HB 2 based on projections. This may result in lower authority than cash in the account. It creates a barrier to using available cash as specifically authorized by the legislature.
 - Creates a statutory appropriation for the state special revenue account used by the STED.



Modernizing Proposals

6. Remove bond issuance cap and expand eligible entities for MFFA services
7. Modernize Big Sky Economic Development Program
8. Expand Montana Exports
9. Revise Distressed Wood Products Program
10. Revise Tourism Advisory Council structure



6. Remove Bond Issuance Cap and Expand Eligible Entities for MFFA Services

- Statute
 - 90-7-302(1)
- Summary
 - This legislation removes a forty-year-old cap on the amount of bonds MFFA can issue during a biennium.
 - These bonds are **not debt** or obligations of the State.
 - These bonds **do not encumber** or obligate state funds.
 - The current cap stops high value projects from accessing low-cost financing.
 - The cap is an unnecessary barrier to economic development within the State of Montana.



6. Remove Bond Issuance Cap and **Expand Eligible Entities for MFFA Services**

- Statutes:
 - 90-5-101, 90-5-108, 90-7-102, 90-7-104, 90-7-225, 90-7-229
- Summary
 - Allows MFFA to leverage forty years of experience.
 - Serve as a conduit issuer of private activity bonds for a wider range of eligible projects including broadband deployment, industrial development, museums, and private colleges.
 - Open the doors to develop projects across Montana while streamlining the funding process and using the expertise and capacity of MFFA.



7. Modernize Big Sky Economic Development Program

- Statutes
 - 90-1-201, 90-1-202, 90-1-204, 90-1-205
- Summary
 - Streamline administrative requirements.
 - Increase available funding for job creation and workforce recruitment/retention.
 - Allow businesses to directly apply for assistance.



8. Expand Montana Exports

- Statute
 - 15-35-108(11)(b)(ii)(E)
- Summary
 - Increase current funding from \$300,000 to \$650,000.
 - Increase the available federal funds by more than \$1 million.
 - Add \$36M per year in sales.
 - Augments other funding sources (EDA, RD, Softwood Export Council, etc.).



9. Revise Distressed Wood Products Program

- Statutes
 - 90-1-501, 90-1-503, 90-1-504
- Summary
 - Eliminates restrictions / requirements for “distressed” businesses.
 - Allows loan program to assist more small businesses in the wood products industry.
 - Eliminates matching requirements.



10. Revise Tourism Advisory Council

- Statute
 - 2-15-1816
- Summary
 - This proposed legislation stems from Red Tape Review.
 - Reduce the number of board members from a statutory minimum of 12 to a statutory maximum of 9.
 - Recently as many as 19 members on the TAC.
 - Commerce estimates that approximately \$35,000 could be saved in administrative related expenses if the board size is reduced to 9 members.

