

HOUSE BILL NO. 405

INTRODUCED BY J. KRAUTTER

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A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE CATCH AND KEEP MONTANA'S TREASURE PROGRAM; STATING LEGISLATIVE FINDINGS AND INTENT; ESTABLISHING DEFINITIONS AND PROGRAM REQUIREMENTS FOR GRANTS TO BE DISTRIBUTED TO QUALIFYING INDIVIDUALS; ESTABLISHING A LIMITED TAX CREDIT FOR PROPERTY TAXES PAID; PROVIDING RULEMAKING AUTHORITY; PROVIDING AN APPROPRIATION; AMENDING SECTION 39-51-409, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Short title.** [Sections 1 through 4] may be cited as the "Catch and Keep Montana's Treasure Act".

NEW SECTION. **Section 2. Legislative findings -- intent.** (1) The legislature finds that:

(a) while Montana's largest cities and counties continue to drive overall growth for the state, Montana's rural counties are seeing a steady decline in population, especially among young people with postsecondary credentials who are routinely choosing to either live in only Montana's most populous areas, or are leaving Montana altogether;

(b) without bold and forward-thinking action from state leaders to create a highly appealing economic environment for degree and credential holders, this trend of decline is likely to snowball for rural communities, making it harder if not impossible to reverse; and

(c) rural counties and communities are at a recruiting disadvantage to Montana's largest communities with greater amenities, yet rural Montana is in desperate need for skilled professionals to ensure continued sustainability and survival.

(2) It is the intent of the legislature that the department of labor and industry, in cooperation with other state agencies, local governments, the Montana university system, regional and local economic development organizations, private investors, nonprofit organizations, and private businesses, utilize the catch and keep Montana's treasure grant program to attract and retain skilled workers and entrepreneurs in Montana's rural areas to spur economic development and revitalization statewide, ensuring a bright future for all people under the big



1 sky.

2 (3) It is also the intent of the legislature that recipients of grants under the program utilize the grant funds
3 in the manner that best suits the recipient's needs, including but not limited to payments on student loans, house
4 down payments, relocation expenses, business startup expenses, or other debt reduction or living expenses.
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6 **NEW SECTION. Section 3. Definitions.** As used in [sections 1 through 4] the following definitions
7 apply:

8 (1) "Awardee" means an eligible participant in a qualifying county selected by the department to receive
9 a grant under the program.

10 (2) "Department" means the department of labor and industry.

11 (3) "Eligible participant" means an individual with a postsecondary credential who signs an agreement
12 committing to residing and working in a qualifying county for a period of at least 5 years and who meets at least
13 one of the following conditions:

14 (a) has not resided, pursuant to 1-1-215, in that county during the previous 2 years; or

15 (b) has earned a postsecondary credential during the previous 2 years.

16 (4) "Grant amount" means a maximum payment, partially paid by the state:

17 (a) for an individual residing in a high-need county with:

18 (i) an associate's degree, an industry-recognized credential, an occupational license recognized by the
19 state or the federal government, or a certificate of completion of an apprenticeship, \$5,000;

20 (ii) a baccalaureate degree, \$10,000;

21 (iii) a master's or doctoral degree, \$15,000;

22 (b) for an individual residing in a low-need county with:

23 (i) an associate's degree, an industry-recognized credential, an occupational license recognized by the
24 state or the federal government, or a certificate of completion of an apprenticeship, \$2,500;

25 (ii) a baccalaureate degree, \$5,000;

26 (iii) a master's or doctoral degree, \$7,500;

27 (5) "High-need county" means a county with a population less than 15,000 persons, as determined by
28 the most recent federal decennial census.

29 (6) "Low-need county" means a county with a population greater than or equal to 15,000 persons, as
30 determined by the most recent federal decennial census.

1 (7) "Priority profession" means one of up to five occupations determined by county commissioners in
 2 consultation with, municipalities, county employers, regional or local economic development groups, and the
 3 department to represent the greatest workforce needs in the county.

4 (8) "Program" means the catch and keep Montana's treasure grant program.

5 (9) "Qualifying county" means a county in which the county commissioners pass a resolution to
 6 participate in the program. The resolution must be updated and renewed on a biennial basis and must include:

7 (a) a list of priority professions for the county;

8 (b) a description of the commitment by a local entity, such as a regional or local economic development
 9 group, county, municipality, tribal government, or some combination of resources among these entities to
 10 contribute 25% of the grant amount to an eligible participant awarded a grant by the department. The commitment
 11 may utilize federal grant funds and may include a limit of the total number of awards to which the local entity or
 12 entities will contribute the 25% obligation or a limit of the total amount of money committed.

13 (10) "Sponsor" means a private business, nonprofit organization, local government subdivision, or school
 14 district that signs a commitment to contribute 25% of the grant amount to an eligible participant awarded a grant
 15 by the department.

16
 17 **NEW SECTION. Section 4. Catch and keep Montana's treasure grant program established --**
 18 **rulemaking -- eligibility -- requirements -- awards -- reporting.** (1) There is a catch and keep Montana's
 19 treasure grant program administered by the department. The department shall adopt rules necessary for the
 20 administration of the program, including the establishment of reasonable application periods.

21 (2) Contingent on available funds, the department shall pay to an awardee in a qualifying county and
 22 upon documentation of receipt by the awardee of the 25% local entity contribution and, if applicable, the 25%
 23 sponsor contribution:

24 (a) 50% of the grant amount to an awardee with a sponsor; or

25 (b) 25% of the grant amount to an awardee without a sponsor.

26 (3) The department may award no more than 500 grants in any biennium, with no more than 20% of the
 27 grants awarded in low-need counties. The department shall prioritize grants in low-need counties to rural areas
 28 and smaller communities within low-need counties. An individual may not receive more than one grant under the
 29 program.

30 (4) If the department needs to limit the number of grants awarded because the appropriation or available

1 revenue is not sufficient to award grants to all eligible participants in qualifying counties or because of limits
2 contained in the county resolution pursuant to [section 3(9)], the department shall prioritize awards based on any
3 of the following criteria:

4 (a) possessing a postsecondary credential in a priority profession;

5 (b) pursuing a career in an agriculture-related field;

6 (c) starting or expanding a business that is expected to create at least one new full-time job in the next
7 6 months;

8 (d) having a job offer in the county; and

9 (e) being employed by or having a job offer from a sponsor.

10 (5) (a) If an awardee does not complete the 5-year commitment to residing and working in the county,
11 the awardee shall repay to the state an amount proportionate to the unfulfilled commitment of any state funds as
12 determined by the department. The department shall establish rules allowing an awardee who relocates within
13 Montana to another qualifying county to retain a portion of the grant or become eligible for an increased grant
14 amount.

15 (b) The department of revenue may assist the department with collection of debt to the state under this
16 subsection (5) pursuant to Title 17, chapter 4.

17 (c) Any debt to the state repaid or recovered under this subsection (5) must be deposited in the
18 employment security account established in 39-51-409.

19 (6) A county or sponsor may include repayment requirements for awardees who do not fulfill their
20 commitments.

21 (7) An awardee who has worked and resided in the county in which the awardee originally applied for
22 a grant for 3 years is eligible for an income tax credit to offset property taxes paid pursuant to [section 5].

23 (8) Pursuant to 5-11-210, the department shall report to the economic affairs interim committee no later
24 than September 15 of even-numbered years on the program's implementation and effectiveness. The report must
25 include information on:

26 (a) participating counties and the priority professions identified in each county;

27 (b) awardees, including:

28 (i) type of postsecondary credential held;

29 (ii) plans to utilize grant funding, as indicated on the awardee's application;

30 (iii) employment; and

- 1 (iv) retention;
- 2 (c) partnerships between local entities contributing to the grants;
- 3 (d) sponsors; and
- 4 (e) the cost effectiveness of the program, including estimates of the program's economic benefits to the
- 5 county and the state.

6

7 **NEW SECTION. Section 5. Credit for property taxes paid for participants in catch and keep grant**
 8 **program.** (1) There is allowed a tax credit against the tax imposed by 15-30-2103 for a taxpayer who has been
 9 awarded a grant under the catch and keep Montana's treasure grant program pursuant to [sections 1 through 4]
 10 after the taxpayer has worked and resided in the county in which the awardee originally applied for a grant for
 11 3 years.

12 (2) The amount of the credit is the lesser of:

- 13 (a) the amount of property tax billed in the prior year; or
- 14 (b) \$2,000.

15 (3) A taxpayer is allowed this credit for a maximum of 5 years and only if the taxpayer remains in the
16 county for which the taxpayer was originally awarded the catch and keep Montana's treasure grant.

17 (4) The credit allowed by this section may not be refunded if the taxpayer has a tax liability less than the
18 amount of the credit.

19 (5) For the purposes of this section the following definitions apply:

20 (a) "Homestead" means a single-family dwelling or unit of a multiple-unit dwelling that is subject to
21 property taxes in Montana and as much of the surrounding land, but not in excess of 1 acre, as is reasonably
22 necessary for its use as a dwelling.

23 (b) "Property tax billed" means taxes levied against the homestead, including special assessments and
24 fees but excluding penalties or interest during the claim period.

25

26 **Section 6.** Section 39-51-409, MCA, is amended to read:

27 **"39-51-409. Employment security account.** (1) There is an account in the state special revenue fund
28 called the employment security account.

29 (2) Money deposited in the employment security account may be appropriated to the department for
30 payment of:

- 1 (a) unemployment insurance benefits;
- 2 (b) expenses incurred in the administration of the unemployment insurance program;
- 3 (c) expenses incurred in collecting money deposited in the account;
- 4 (d) expenses incurred for the employment offices established in 39-51-307, including expenses for
- 5 providing services to the business community;
- 6 (e) expenses incurred for the apprenticeship and training program;
- 7 (f) expenses for displaced homemaker programs provided for under 39-7-305;
- 8 (g) expenses for department research and analysis functions that provide employment, wage, and
- 9 economic data;
- 10 (h) expenses for department functions pertaining to wage and hour laws, prevailing wages, and collective
- 11 bargaining; ~~and~~
- 12 (i) principal, interest, and redemption premium on employment security revenue bonds authorized in
- 13 section 5, Chapter 435, Laws of 2009; and
- 14 (j) costs of administering and providing grants for the purposes of the catch and keep Montana's treasure
- 15 grant program pursuant to [sections 1 through 4].

16 (3) Except as provided in sections 6 and 12, Chapter 435, Laws of 2009, the department may transfer

17 funds from the employment security account to the unemployment insurance fund account provided for in

18 39-51-402 upon receiving approval from the budget director that the transfer will not decrease the money in the

19 account below the level appropriated by the legislature to provide for the employment services programs identified

20 in subsection (2).

21 (4) The department may transfer appropriation authority in employment services programs between the

22 federal special revenue and the state special revenue fund types."

23

24 **NEW SECTION. Section 7. Appropriation.** (1) There is appropriated \$1 million from the employment

25 security account established in 39-51-409 to the department of labor and industry in each fiscal year of the

26 biennium beginning July 1, 2019, for the purpose of administering and providing grants for the catch and keep

27 Montana's treasure grant program pursuant to [sections 1 through 4].

28 (2) The legislature intends that the appropriation be considered as part of the ongoing base for the next

29 legislative session.

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1 NEW SECTION. **Section 8. Notification to tribal governments.** The secretary of state shall send a
2 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
3 Chippewa tribe.

4
5 NEW SECTION. **Section 9. Codification instruction.** (1) [Sections 1 through 4] are intended to be
6 codified as an integral part of Title 39, and the provisions of Title 39 apply to [sections 1 through 4].

7 (2) [Section 5] is intended to be codified as an integral part of Title 15, chapter 30, part 23, and the
8 provisions of Title 15, chapter 30, part 23, apply to [section 5].

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10 NEW SECTION. **Section 10. Effective date.** [This act] is effective July 1, 2019.

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