

SENATE BILL NO. 31

INTRODUCED BY J. SMALL

BY REQUEST OF THE STATE-TRIBAL RELATIONS COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE BIG SKY ECONOMIC DEVELOPMENT PROGRAM TO PROVIDE ADDITIONAL GRANT FUNDS FOR HIGH UNEMPLOYMENT COUNTIES; AMENDING SECTIONS 90-1-201, 90-1-202, AND 90-1-204, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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

"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.

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

4 (f) "High-unemployment county" means a county that has an unemployment rate greater than Montana's
 5 average unemployment rate as determined by the bureau of labor statistics for the most current year available.

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

8 (g)(h) "Tribal government" means any one of the seven federally recognized tribal governments of
 9 Montana and the Little Shell band of Chippewa Indians."
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11 **Section 2.** Section 90-1-202, MCA, is amended to read:

12 **"90-1-202. Purpose.** (1) The legislature finds and declares that economic development is a public
 13 purpose. The purpose of the big sky economic development program is to assist in economic development for
 14 Montana that will:

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

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

17 (c) encourage local economic development organizations;

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

20 (e) retain or expand existing businesses;

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

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

25 (2) As provided in 30-20-206, manufacturing ammunition components is a qualified economic
 26 development purpose."
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28 **Section 3.** Section 90-1-204, MCA, is amended to read:

29 **"90-1-204. Priorities for funding -- rulemaking.** (1) Under the big sky economic development program
 30 provided for in 90-1-201, the department must receive proposals for grants and loans from local governments

1 and tribal governments. A local government shall work with an economic development organization on a proposal.
2 The department shall work with the local government and the economic development organization or with an
3 applicant tribal government in preparing cost estimates for a proposed project. In reviewing proposals, the
4 department may consult with other state agencies with expertise pertinent to the proposal.

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

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

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

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

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

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

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

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

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

23 (B) industrial development;

24 (C) feasibility studies;

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

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

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

1 (ii) Funding may not exceed \$5,000 for each expected job, except that \$2,500 of additional funding may
2 be added for each job created for a project in a high-poverty county or in a high-unemployment county so that
3 the incentive may not exceed \$7,500 for each expected job in a high-poverty county or a high-unemployment
4 county or \$10,000 for both a high-poverty and a high-unemployment county.

5 (iii) The rules must require equal matching funds for a grant or loan, except that the rules for a grant or
6 a loan in a high-poverty or a high-unemployment county may allow a 50% to 100% match requirement for the
7 high-poverty or the high-unemployment county.

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

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

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

16 (h) Nothing in subsection (2)(g) exempts an employer from minimum wage requirements."
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18 **NEW SECTION. Section 4. Notification to tribal governments.** The secretary of state shall send a
19 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
20 Chippewa tribe.

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22 **NEW SECTION. Section 5. Effective date.** [This act] is effective July 1, 2019.

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