

## Economic Affairs Interim Committee

Economic Development Advisory Council

HB 142 Review

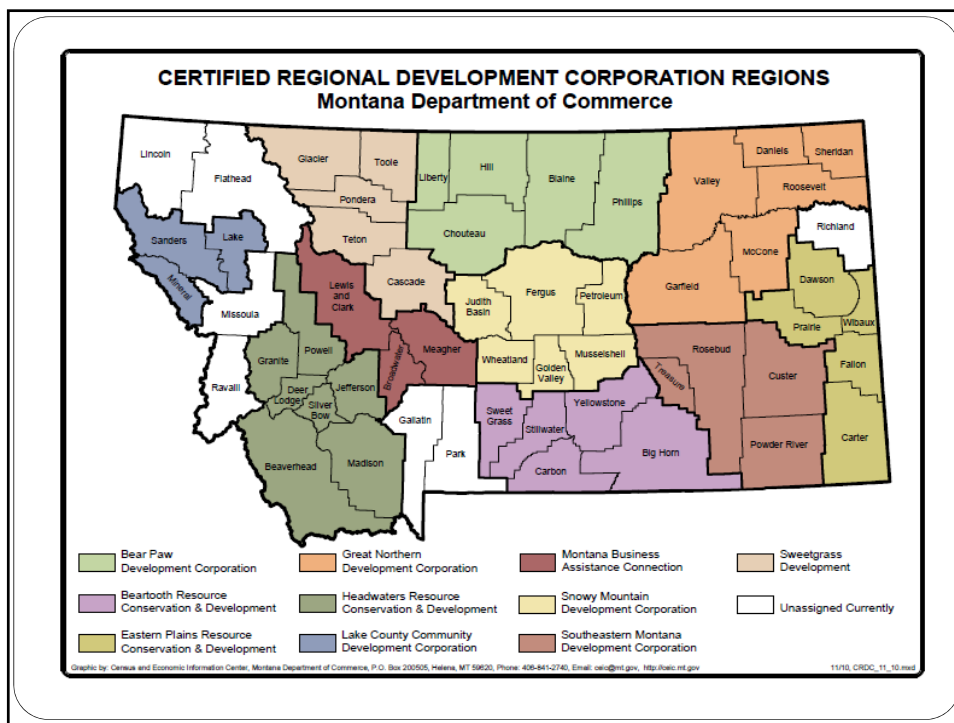
October 6, 2011

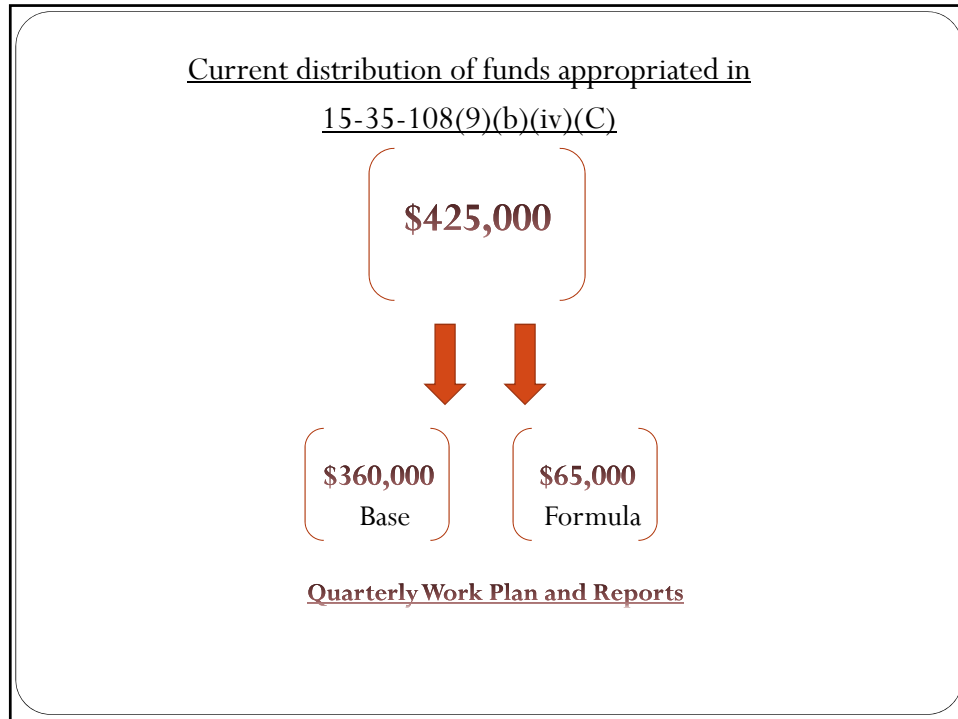
### EDAC Responsibilities: 2-15-1820, MCA

- The council shall, among other things:
  - advise the department concerning the distribution of funds to certified regional development corporations for business development purposes in accordance with 90-1-116 and this section;
  - prescribe allowable administrative expenses for which economic development funds may be used by certified regional development corporations; and
  - advise the governor and department on matters concerning economic development in Montana.

## Certified Regional Development Corporations (CRDC's)

- Fiscal year 2011 was the final year of Certified Regional Development Corporation contracts first issued in fiscal year 2004 with a seven year term.
- In the Summer of 2011, Commerce issued a Request For Proposal (RFP) to certify or re-certify up to 12 CRDC's.
- 10 CRDC's were certified covering 48 of Montana's 56 counties.
- 5 year contract beginning in fiscal year 2012, renewable annually with acceptable performance.
- Commerce anticipates issuing another RFP in the next six months to certify up to 2 more CRDC's for fiscal year 2013.





### Current Rule

- 8.99.303 ASSISTANCE GRANTS DISTRIBUTION
- (1) The department shall set aside assistance grants annually based upon the following:
  - (a) \$30,000 to each CRDC for providing services to their respective regions based upon receipt of an acceptable work plan. For the purpose of this rule, services means work in the development and management of revolving loan funds, business technical assistance, state and federal grants and programs, local and regional planning, business retention and expansion programs, and business recruitment programs;

### Current Rule

- 8.99.303 ASSISTANCE GRANTS DISTRIBUTION cont.
- (b) \$65,000 divided among the CRDCs according to the following formula:
  - (i) 35% shall be distributed based on the number of counties in the region served;
  - (ii) 25% shall be distributed based on the population of the region served;
  - (iii) 25% shall be distributed based on the size of the geographic area of the region served; and
  - (iv) 15% shall be distributed based on the number of communities served;
- (c) all assistance grants will be distributed on a quarterly basis, in the department's sole discretion, based upon the performance of the CRDC in meeting submitted work plans.

### Allowable uses of Funds

#### 8.99.304 ASSISTANCE GRANTS – ALLOWABLE USES

- (1) As prescribed by the council, allowable administrative expenses for which assistance grants may be used by a CRDC include:
  - (a) personnel and operating expenses; and
  - (b) any other expenses deemed necessary by the council to maintain the organization's certification as a CRDC.

<b>Certified Regional Development Corporation</b>	<b>Part A: \$30,000 Funding</b>	<b>Part B: Formula Funding</b>	<b>Part C: Additional FY 2012 Funding</b>	<b>TOTAL FUNDS AWARDED</b>
Bear Paw Development Corporation	\$ 30,000	\$ 7,077	\$ 6,000	\$ 43,077
Beartooth RC&D	\$ 30,000	\$ 10,192	\$ 6,000	\$ 46,192
Eastern Plains RC&D	\$ 30,000	\$ 4,388	\$ 6,000	\$ 40,388
Great Northern Development Corporation	\$ 30,000	\$ 6,734	\$ 6,000	\$ 42,734
Headwaters RC&D	\$ 30,000	\$ 8,667	\$ 6,000	\$ 44,667
Lake County Community Development Corp.	\$ 30,000	\$ 4,834	\$ 6,000	\$ 40,834
Montana Business Assistance Connection	\$ 30,000	\$ 4,765	\$ 6,000	\$ 40,765
Snowy Mountain Development Corporation	\$ 30,000	\$ 5,730	\$ 6,000	\$ 41,730
Southeastern Montana Development Corp.	\$ 30,000	\$ 4,550	\$ 6,000	\$ 40,550
Sweetgrass Development	\$ 30,000	\$ 8,063	\$ 6,000	\$ 44,063
<b>TOTAL</b>	<b>\$ 300,000</b>	<b>\$ 65,000</b>	<b>\$ 60,000</b>	<b>\$ 425,000</b>