

State, County and Local Incentives 2009

Montana, Flathead County, and the cities of Kalispell and Columbia Falls are able to offer many attractive business incentives. The following is a summary of the programs available. In many cases, detailed information will be needed to determine eligibility; however, the following can be used as a general guideline. For the State's website on grants and loans go to:

<http://business.mt.gov/BusinessAssistance/grants.asp>

Workforce Training Grant Programs

State Workforce Training Program

Businesses can apply directly to the Department of Commerce when funding is available. The application would include financial information, a business plan, and a detailed hiring and training plan.

- Up to \$5,000 per employee
- The match requirement is one dollar of private funds for every three dollars of state workforce grant funds.
- Maximum award amount depends on the number of jobs to be trained and availability of funding.
- Minimum compensation for an eligible employee varies by county and is \$15.08 including benefits for Flathead County.

Big Sky Economic Development Trust Worker Training Grant

The Big Sky Economic Development Trust Fund (BSTF) program is a state-funded program. It is designed to aid in the development of good paying jobs for Montana residents and promote long-term stable economic growth in Montana.

- Up to \$5,000 may be awarded to an eligible project for each new eligible job to be created.
- Funds may be used for training new employees. Some uses of funds include Program promotion, instructor costs, training materials, leases of training equipment and space, administrative costs, assessment and testing, and in-house or on the job training.
- Eligible jobs must be new positions that average 35 hours/ week on an annual basis and pay at or above average county wages, not including benefits. Flathead County's average wage for 2009 is \$15.08.
- Statutory requirements for these funds include net new, full-time job creation and a \$1 for \$1 match requirement.
- Contact MWED to discuss the application process.

Relocation Grant Programs

Big Sky Economic Development Trust Relocation Grant

The Big Sky Economic Development Trust Fund (BSTF) program is a state-funded program.

- Up to \$5,000 may be awarded to an eligible project for each new eligible job to be created.
- Funds may be used for relocation costs from outside of the state to Montana.
- Eligible jobs must be new positions that average 35 hours/ week on an annual basis and pay at or above average county wages, not including benefits. Flathead County's average wage for 2009 is \$15.08.
- Statutory requirements for these funds include net new, full-time job creation and a \$1 for \$1 match requirement.
- Contact MWED to discuss the application process.

Loan Programs

Big Sky Economic Development Loans

The Big Sky Economic Development Trust Fund (BSTF) program is a state-funded program.

- Up to \$5,000 may be awarded to an eligible project for each new eligible job to be created.
- Funds may be used as a loan for the purchase of machinery, equipment and/or working capital.
- Eligible jobs must be new positions that average 35 hours/ week on an annual basis and pay at or above average county wages, not including benefits. Flathead County's average wage for 2009 is \$15.08.
- Statutory requirements for these funds include net new, full-time job creation and a \$1 for \$1 match requirement.
- Contact MWED to discuss the application process.

Loans Available Through Montana West Economic Development

A number of business development loan programs to stimulate economic development activity by assisting the private sector to create or retain jobs are available. Montana West Economic Development has several loan programs to offer to new and expanding businesses in the form of gap financing in partnership with local lending institutions. These loans are available to small businesses in Lake, Lincoln, Sanders and Flathead counties in northwest Montana. The loan dollars are eligible to be used for a variety property and equipment investment, infrastructure and technical assistance. The interest rate and requirements for these loans vary by project with a fixed interest rate in the 5%-7% range. Loan sources include **Community Development Block Grant, Intermediary Relending Program and Montana West Economic Development's Revolving Loan Fund.**

Potential applicants are encouraged to contact Montana West Economic Development to discuss program requirements and project eligibility. Workers employed before applications are approved are not eligible for training grant dollars.

Montana Board of Investments Finance and Loan Programs

<http://www.investmentmt.com/Programs/instate/default.asp>

The Montana Board of Investments is attached to the Department of Commerce. The Board does not lend directly to businesses. The business finance programs discussed below are accessed through banks and approved lending institutions. Businesses should first contact and work through their local bank(s). MBOI programs typically enable businesses to access lower, fixed rate financing for viable bank-approved projects. **The business infrastructure program is included here because it provides a substantial potential benefit to eligible businesses and local governments for projects requiring large investments in infrastructure.**

Although the Board is prohibited by law from making direct loans to businesses or individuals and requires participation of an approved commercial financial institution, Board staff is very interested and willing to work with businesses to assist in developing a loan package to best meet their business needs. Listed below are some of the programs offered. >> [VIEW AND/OR DOWNLOAD FORMS](#).

Infrastructure Loan Program

- Loans to local government for infrastructure improvement used by basic-sector businesses.
- Business for which infrastructure is provided must create at least 15 full-time jobs.
- Loan sized at number of jobs times \$16,666-minimum loan size \$250, 000.
- Business pays local government use fee, which is assigned to Board for loan repayment.
- Use fee can be totally credited against Montana income taxes paid by business.

*The infrastructure improvements are **essentially a grant** to the business as a direct reduction of project development costs.*

Total amount available for this program is \$80.0 million

Detailed policy and application: [Word](#) | [PDF](#)

Value-Added Business Loan

- Maximum 15-year loan term.
- 10-14 jobs created/retained qualifies for a loan rate at 4% for 5 years.
- 15 jobs created/retained qualifies for a loan rate at 2% for five years.
- Interest rate will be at the posted interest rate until the required jobs are created/retained.
- Interest rate set at lowest rate for 1st 5 years, 6% for 2nd 5 years the Board posted rate at the time of application for the remaining term.
- Jobs created/retained must be by a business adding value to material/products.
- Board participates with lender in 75% of the funding, risk, collateral, and other security.
- Minimum loan size \$250,000-maximum loan size approximately \$7.5 million.
- Full credit review using Board underwriting policy.

Detailed policy and application: [Word](#) | [PDF](#)

Business Loan Participation Program

- Fixed-rate financing up to 25-years with interest rates posted weekly
- Job creation credits may reduce posted interest rate up to 2.5%.
- Full credit review using Board underwriting policy.

Detailed policy and application: [Word](#) | [PDF](#)

Guaranteed Loan Purchase Program

- Fixed-rate financing up to 30-years with interest rates posted weekly.
- Board purchases 100% of the guaranteed portion of the loan.
- Job creation credits may reduce posted interest rate up to 2.5%.
- No detailed credit review by Board.

Detailed policy and application: [Word](#) | [PDF](#)

Tradeshaw Assistance

<http://www.madeinmontanausa.com/tradeshawinfo.asp>

Montana Department of Commerce Trade Show Assistance Program (TSAP)

This program assists Montana based companies in exploring new domestic and international wholesale markets by encouraging first-time exhibition at new trade shows.

TSAP funds are available to Montana businesses attending any given trade show for the first time. Eligible applicants will be reimbursed for 50% of qualifying expenses. Potential participants must complete and return the Trade Show Assistance application with required attachments forty-five (45) days prior to the first day of the trade show. A review panel, consisting of Department of Commerce staff will review applications. To be eligible for reimbursement, written or electronic approval from the Montana Department of Commerce **MUST BE** received before attending the show. No applications will be considered after an event has occurred.

Eligible expenses include:

1. Booth/space rental or US Commercial Services Gold Key fee
2. Booth equipment, furniture, and carpeting rental
3. Booth utility costs
4. Promotional materials (product flyer specific to show, booth signage, etc.)
5. Shipping, storage, drayage (cost of moving freight at exhibition site) and show labor

Tax Credits, Abatements and Exemptions

Listed below are just some tax credits available in Montana for a full list check <http://mt.gov/revenue/legislativeinformation/taxreform/corptaxcredits.doc>.

New or Expanding Industry Wage Credit

A new or expanding manufacturing corporation in Montana may receive a corporation license tax credit of 1% of wages paid to new employees for the first three years of operation and expenses.

Property Tax Abatements - Local Options for New/Expanding Industries

Property tax abatement is available to certain new or expanding businesses.

- The governing body of the affected county or the incorporated city or town must approve by resolution the abatement.
- The tax benefit received is a percentage multiplier applied to the increase in taxable value of the qualifying improvements or modernized processes.
- The tax benefit applies to the number of mills levied and assessed for high school district and elementary school district purposes and to the number of mills levied and assessed by the local governing body approving the benefit.
- New/ expanding industries will be taxed at 50% of taxable value for the first five years after a construction permit is issued.
- The tax rate is raised incrementally over the next five years to 100%.

Alternative Fuels Property Tax Exemption

The Non-Fossil Fuel Energy Generation Exemption provides an exemption from property assessment for qualifying non-fossil fuel energy generating systems installed in residential and commercial structures.

- The maximum exemption amount per year is \$20,000 for residential property, and \$100,000 for commercial property.
- The value of the qualifying non-fossil fuel energy generating system must be included in the assessed value of the property prior to its exemption.
- The exemption lasts for a period not to exceed 10 years from the year of installation.

Federal Loan and Grant Sources

In addition to state incentive programs, federal loan and grant funding can also be obtained through the [U.S. Department of Commerce Economic Development Agency](#) and [USDA Rural Development](#) for business development purposes in Montana. Local development organizations throughout Montana are very knowledgeable of these federal programs.

USDA has extensive Renewable Energy Provisions. These are **grants and loans for businesses investing in renewable energy production for their facilities and energy conservation measures**. For more information go to www.usda.gov/farmbill/ or contact:

Lad Barney, USDA

406-756-2005 EXT 118

Lad.Barney@mt.usda.gov

Tax Increment Financing Districts

State Law provides for the creation of a tax increment financing industrial district for industrial development projects. A local government may issue bonds for a wide variety of development purposes such as financing land acquisition; industrial infrastructure, rail spurs; buildings; and personal property related to the public improvements. These improvements raise property values in the district.

The incremental increase in the tax base over the unimproved value before the project was developed can be committed to repayment of the bonds for a set period of time, typically 15 years. The original tax revenues continue to go to the local governments. When the TIF District sunsets all taxes flow into the general fund. The bond financing can essentially be considered a grant to the business in the district because incremental taxes paid will finance improvements in the district such as streets, sidewalks, streetlights and utilities.

The **City of Kalispell** currently has three **TIF Districts**:

- The **Westside Urban Renewal TIF District** which encompasses Meridian Road, Gateway West Mall and includes plans for a Community Land Trust.
- The **City Airport TIF District** includes The Hilton Garden Inn and provides funding for the Kidsport Complex which was relocated north of Kalispell.
- **Old School Station** is two TIF Districts. One Light Industry and one Technology.

City of Kalispell TIF District Information and Incentives

For more information about the TIF Districts and other incentives in the City of Kalispell, contact Katharine Thompson, Community and Economic Development Director, 406-758-7713.

http://www.kalispell.com/economic/business_expansion.cfm.

Flathead County Economic Development Authority (FCEDA)

The Flathead County Economic Development Authority, also known as The Port Authority, is a county wide economic development authority that is funded with a mill levy. The FCEDA funds are invested to support a robust program of economic development for all of Flathead County. While there are no set policies regarding the types of investments which can be made, examples of investments would be assistance with land purchases, low interest loans, and utility, fiber and roadway extensions. The Port Authority has uncommitted funds available currently. Contact Montana West Economic Development for more information.

Board of Research & Commercialization Technology

The [Montana Board of Research and Commercialization Technology](#) was created by the 1999 Montana Legislature to provide a predictable and stable source of funding for research and commercialization projects to be conducted at research and commercialization centers in Montana. The purpose of the program is to encourage economic development through investment in research projects that have a clear path to commercialization.

The Board takes the following criteria into account when making funding decisions:

1. Has potential to diversify or add value to a traditional basic industry of the state's economy,
2. Shows promise for enhancing technology-based sectors or commercial development of discoveries,
3. Employs or takes advantage of existing research and commercialization strengths,
4. Has a realistic and achievable project design,
5. Employs an innovative technology,
6. Is located in the state,
7. Has a qualified research team,
8. Has scientific merit based on peer review, and
9. Includes research opportunities for students.

Contact: Dave Desch, Executive Director, 406-841-2760

Montana Technology Innovation Partnership

<http://mtip.mt.gov/>

The Montana Technology Innovation Partnership (MTIP) is a Montana Department of Commerce initiative created to promote technology commercialization as a viable economic development strategy. Within MTIP Montana has successfully supported applicants to the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.

SBIR and STTR Programs

To win a Small Business Innovative Research grant, a business owner must have an innovative idea and the savvy to compete and win in the competitive federal arena of the SBIR Program.

SBIR and STTR grant programs fund companies with new ideas through the feasibility, R&D, alpha testing and beta testing. Eleven federal agencies release topics describing desired technology and products several times per year. Small businesses must submit applications to study the stated topic and create an appropriate application or technology to address the topic. The process of feasibility study, research and development are expected to take multiple years. STTR is similar to the SBIR program except that it requires more participation in the project by non-profit, research institutions than in is need for SBIR.

Success in this competitive application process results in grants with no match to cover salaries, benefits, administration costs, overhead and profit.