

State, County and Local Incentives 2010

Montana, Flathead County, and the cities of Kalispell, Whitefish, 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/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 \$15.45 including benefits for Flathead County.

Department of Labor's Incumbent Workforce Training Grant Program

- Available to businesses with no more than 50 employees in the State and no more than 20 at any one location.
- Training is available to employees that have passed the company's probationary period.
- Up to \$2000 available for full-time employees and \$1000 for part-time employees.
- Typical match rates are 4:1.
- Training grant dollars may be used for approved training, travel or instructional materials.
- The full guidelines and application can be found at www.nwmontanabusiness.com/index.php/business-services/training/.

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. This program has similar guidelines to the BSTF Relocation Grant found on page two of this document. Contact MWED to discuss requirements and the application process.

Relocation Grant Programs

Big Sky Economic Development Trust Fund 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 \$15.45.
- 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 or grant 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 \$15.45.
- 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 3%-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 Tina Oliphant, VP of Finance at Montana West Economic Development to discuss program requirements and project eligibility.

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.

New Market Tax Credits

The New Market Tax Credit program available through the Montana Community Development Corporation can help communities attract capital to good projects on favorable terms. The program provides an incentive to debt and equity investors in the form of a 39% federal income tax credit for investing capital into qualified projects in eligible low-income areas.

- Total project size of at least **\$3 million**.
- **Project in a designated low-income census tract** with either a poverty rate of 20% or greater or Gross Median Income of 80% or less of the state average. (see [maps here](#) for an initial view of qualifying areas)
- Eligible investment type including most **real estate projects and operating businesses** with some exceptions.
- **Strong economic development and/or community impact**, such as helping to create or retain jobs; acting as the catalyst for larger development, infusing sources of new investment capital into an under-served, low-income area; and creating new access to community services such as education, healthcare, child & elder care, and retail services.
- **For complete information about New Market Tax Credits:**
www.mtcdc.org/index.php?option=com_content&view=article&id=111&Itemid=195

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. FCEDA funds are invested to support a robust program of economic development for all of Flathead County. Projects should meet one or more of the following requirements:

- Attract significant private investment
- Attract employment opportunities
- Secure a real asset that support economic development and has market liquidity
- Provides a return to the tax payer
- Stimulates long term business development

Examples of investments would be assistance with land purchases, buildings to lease, low interest loans, and utility, fiber and roadway extensions. The Port Authority has uncommitted funds available currently. View Investment Guidelines at www.dobusinessinmontana.com/fceda or **contact Kellie Danielson, President/CEO of Flathead County Economic Development Authority and Montana West Economic Development for more information, Kellie@DoBusinessInMontana.com or 406-257-7711.**

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.

The **City of Whitefish** has one large **TIF District**. To view Whitefish City TIF Policy and Map visit http://www.whitefish.govoffice.com/index.asp?Type=B_BASIC&SEC=%7B268DC41C-2B36-4CBF-A74A-988820F6EA4D%7D

City of Kalispell TIF District Information and Incentives

For more information about the TIF Districts and other incentives in the City of Kalispell, contact Katherine Thompson, Community and Economic Development Director, 406-758-7713. http://www.kalispell.com/economic/business_expansion.cfm.

City of Whitefish TIF District Information and Incentives

For more information about the TIF Districts and other incentives in the [City of Whitefish](#), contact Chuck Stearns, City Manager, 406-863-2406 or cstearns@cityofwhitefish.org.

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.

Federal Loan and Grant Sources

USDA

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

USDA has yearly funding for technical assistance to businesses through their RBEG program. This funding can be used for marketing plans, website development, financial training, and legal fees for patent application. The funding process is long and it is recommended that you inform Montana West of your needs and plans no later than February for funding for projects in the fourth quarter of the year.

USDA also 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/farmland/ or contact:

Lad Barney, USDA

406-756-2005 EXT 118

Lad.Barney@mt.usda.gov

EDA

The [U.S. Department of Commerce Economic Development Agency](#) funds both public and private organizations' economic activities through a number of programs.

The EDA's **NW Trade Adjustment Assistance Center** in Boise is assisting private business to access up to \$75,000 of EDA funding for **business expansion activities**. The client has to have been in business for at least two years and show a decrease in clients/sales recently which could be attributed to global trade. Each company works directly with the NWTAA Center to complete the application. There is no charge. The grant must be matched by the company 1:1.

Typical projects include **marketing, manufacturing enhancements, quality assurance systems and information systems**.

Full details including a list of typical projects can be viewed at www.nwtaac.org or contact:

Patrick Meuleman

Client Development Manager

NW Trade Adjustment Assistance Center

patrick@nwtaac.org

208-343-6855

DEQ

The [Montana Department of Environmental Quality](http://www.deq.state.mt.us) has several programs to encourage traditional businesses to adopt more energy efficient systems to conserve energy and also new businesses exploring alternative energy creation through new and existing technology. A list of available grants and loans can be found at

<http://www.deq.state.mt.us/grants.mcp.x>.

For additional information contact:

Kathy Montgomery
Montana Department of Environmental Quality
Public Education Specialist
Kmontgomery@mt.gov
406-841-5243