



State of Montana Workforce Training Grants

Montana's Workforce Training Act provides grants for businesses that create new jobs in Montana and provide training or education to the net new employees hired within 2 years of the grant award.

- Almost any type of training or education will qualify for the grant, including in-house training, so long as there is a reasonable training plan in place.
- Primary Sector jobs are those created by firms whose out-of-state sales exceed 50% of its total gross sales, or by firms that supply local customers with products and services that would otherwise be unavailable to them.
- All expenses directly related to the training will qualify for reimbursement, except that grants cannot be used to pay employee salaries during training (they can be used to cover instructor salaries).
- This program will award \$5,000 for each full-time (35+ hours) and \$2,500 for each part-time (25-34 hours) eligible net new job created.
 - An eligible net new job is a newly created position that provides an average weekly wage that meets or exceeds the lesser of 170% of Montana's current minimum wage or the current average weekly wage of the county in which the employees are to be principally employed.
 - Montana's current minimum wage is \$7.90/hour, 170% would be \$13.43/hour. As of January 1, 2014 (the most current data), Yellowstone County's current average weekly wage is \$785.
 - The total compensation considered for this program may include the value of employee benefits.

To learn more about this grant opportunity please visit <http://wtg.mt.gov/default.mcp>

State of Montana Big Sky Economic Development Trust Fund Grants

Montana's Big Sky Economic Development Trust Fund provides grants and/or loans for businesses that create new primary sector jobs in Montana.

Category I: Job Creation Grants

- Primary Sector jobs are those created by firms whose out-of-state sales exceed 50% of its total gross sales or by firms that supply local customers with products and services that would otherwise be unavailable to them.
- These funds can be utilized to help fund worker training, infrastructure costs, construction, relocation costs and working capital.

- Funds are passed through a unit of local government (Big Sky Economic Development), which retains 5% to cover its administration costs. The maximum total award for project administration per project is \$30,000.
- Each qualifying primary sector, full-time position (35+ hours) created that pays at least \$13.43/hour is eligible for up to \$5,000 award. A new eligible job that pays at or above the county average wage is potentially eligible for the maximum award.
- A new eligible job that pays at or above the state average wage in a county where the county average wage is above the state average wage is potentially eligible for the maximum award.
- A new eligible job that pays at 170% of the state minimum wage BUT this wage rate is less than the county average wage is potentially eligible for 1/3 of the maximum award. **The potential award amount is incrementally increased as the new eligible job wage approaches the county average wage.**
- Also, the value of employee benefits (ERISA eligible) can be included to meet the minimum wage threshold.

Category II: Planning Grants

- The planning grant can be used to support the development of Business Plans, Feasibility Studies, Preliminary Architectural Reports, Preliminary Engineering Reports, Economic Impact Studies, Workforce Surveys, and Target Industry Analyses for economic development projects.
- BSTF Category II financial assistance cannot be used for Growth Policies, Comprehensive Economic Development Strategies (CEDs), or ongoing operating expenses to provide an economic development service.
- Total grant awards are typically between \$10,000 and \$26,250 per application (which includes up to the greater of 5% or \$500, for eligible administrative expenses).
- A match level of at least \$1 for every \$2 (50%) in BSTF assistance is strongly recommended. In-kind contributions may be considered by the Department to be advantageous as a demonstration of commitment and involvement to a project, however, cash matching funds (see definition of Match) of at least 50%-100% are recommended.
 - Applications will be accepted throughout the year on a calendar quarter basis with deadlines of March 31st, June 30th, September 30th, and December 31st unless otherwise specified by the Department, until all available funds are committed to the approved projects.

To learn more about these grant opportunities please visit <http://bstf.mt.gov/default.mcp>

State of Montana Incumbent Worker Training Fund (IWT)

IWT grant monies help employers train their current workers to enhance business productivity and efficiency, reduce employee turnover, and provide a direct benefit to the employee's occupation. Training can be as simple as upgrading or learning a new skill, such as a QuickBooks class. It can be more specific such as advanced equipment training. Areas could include safety training, customer service, management or supervisory training.

- Small business with less than 50 employees statewide and no more than 20 employees in one location

- Maximum of \$2000 per year per FT employee (35 or more hours/week)
- Maximum of \$1000 per PT employee (20-34 hours/week)
- In-state training: employer must match \$1 for every \$4 requested
- Out-of-state training: employer must match 50% of the employee's travel expenses (excluding meals, taxis or car rental services).
- Wages/benefits the employee receives during the training period are allowable as match

Funding is made possible through Montana Department of Labor in partnership with Montana Economic Developers Association, Montana Department of Commerce and the Governor's Office of Economic Development.

State of Montana Tax Incentives

Montana Board of Investments Infrastructure Loan Program and State of Montana Corporate Income Tax Credits

The Montana Board of Investments (MBOI) may loan funds to a local government for public infrastructure improvements. The local government repays the loan from fees and assessments to the business using the infrastructure improvements.

- The business may write off up to 100% of the related fees and assessments paid to the local government on its Montana income tax as it documents the related job creation.
 - The infrastructure improvements are **essentially a grant** to the business as a direct, dollar for dollar reduction of its Montana Income Tax Liability.
- The business to be assisted is analyzed by MBOI and the final decision is based on the strength of the business and the project being financed.
- The benefit to the assisted company is limited by the number and quality of jobs created and the ability of the business to write off the tax credits against its actual income tax liability.
 - Infrastructure loans are limited to \$16,666 per full-time job created within a four year period of the loan closing date.
 - The minimum loan amount available under this program is \$250,000 and the business must create at least 15 permanent full time jobs.
 - These MBOI Infrastructure loans are made at below prime interest rates and a business may reduce its interest rate by creating jobs that pay at least \$32,925 (Private Annual Wage) annually.

Each job that meets or exceeds this wage threshold will earn a .05% "buy-down" on their rate, up to a maximum of a 2.5% reduction.

Montana Board of Investments (MBOI) Loan Programs

The objective of the Board's In-state Loan Program is to diversify, strengthen, and stabilize the Montana economy. Specifically, Montana law states that "the Board shall endeavor to invest 25 percent of the state's Coal Tax Trust Fund in the Montana economy, with special emphasis on investments in new or expanding locally owned enterprises." To achieve this objective, the Board has designed a series of loan programs that can be tailored to meet the individual needs of borrowers. 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.

Business Loan Participation Program Funded From The Permanent Coal Tax Trust

- Identifiable borrower(s) at the time of the reservation may reserve funds for 365 days with a fee of ¼% of the reserved amount; the interest rate can be locked at any time during the 365 days.
- Fixed-rate financing up to 25-years with interest rates posted weekly.
- Maximum Board participation amount of approximately \$70 million (10% of Trust).
- Maximum Board participation is 80% if Board loan participation is less than 6% of Trust.
- Maximum Board participation is 70% if Board loan participation is more than 6% of Trust
- With the exception of Linked Deposit loans, borrowers who create jobs as a result of a Coal Tax Trust commercial loan are entitled to an interest rate reduction of .05% for each qualifying job created up to a maximum of 2.50% (50 qualifying jobs).
 - A “Job” equates to a dollar value equal to the state’s Private Annual Wage, the state’s Private Annual Wage is posted on the Board’s web page. If the jobs created are less than the base, more jobs must be created or retained to meet the jobs eligibility threshold. If the jobs created are more than the base, fewer jobs may be created or retained to meet the jobs eligibility threshold. Jobs paying less than the State of Montana minimum wage will not qualify as an eligible job.
- The business will be subject to a full credit review using Board underwriting policy.

Value-Added Business Loan Program Funded From The Permanent Coal Tax Trust

- Fees to reserve funds or lock interest rates are not required. Reservation considered effective upon receipt of application.
- Borrower must operate a value-added business.
 - The board may develop a check list to assist in the determination of value-added eligibility.
- Maximum 15-year loan term.
- Borrower’s creating or retaining 10 to 14 full-time jobs are entitled to a 4.0% initial interest rate on participated loan amount.
- Borrower’s creating or retaining 15 full-time jobs are entitled to a 2.0% initial interest rate on participated loan amount.
 - A “Job” equates to a dollar value equal to the state’s Private Annual Wage, the state’s Private Annual Wage is posted on the Board’s web page. If the jobs created are less than the base, more jobs must be created or retained to meet the jobs eligibility threshold. If the jobs created are more than the base, fewer jobs may be created or retained to meet the jobs eligibility threshold. Jobs paying less than the State of Montana minimum wage will not be considered an eligible job towards the threshold.
- 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.
- 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 (1% of Trust).
- Total amount available for this program is \$70.0 million.

- The business will be subject to a full credit review using Board underwriting policy.

Tax Increment Finance Districts (TIFDs) in Billings, Montana

Under Montana TIFD Statute

7-15-4288. Costs that may be paid by tax increment financing. The tax increments may be used by the municipality to pay the following costs of or incurred in connection with an urban renewal project, industrial infrastructure development project, or aerospace transportation and technology infrastructure development project:

- (1) land acquisition;
- (2) demolition and removal of structures;
- (3) relocation of occupants;
- (4) the acquisition, construction, and improvement of infrastructure, industrial infrastructure, or aerospace transportation and technology infrastructure that includes streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and off-street parking facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, spaceports for reusable launch vehicles with associated runways and launch, recovery, fuel manufacturing, and cargo holding facilities, publicly owned buildings, and any public improvements authorized by parts 41 through 45 of chapter 12, parts 42 and 43 of chapter 13, and part 47 of chapter 14 and items of personal property to be used in connection with improvements for which the foregoing costs may be incurred;
- (5) costs incurred in connection with the redevelopment activities allowed under [7-15-4233](#);
- (6) acquisition of infrastructure-deficient areas or portions of areas;
- (7) administrative costs associated with the management of the industrial district or the aerospace transportation and technology district;
- (8) assemblage of land for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the municipality itself at its fair value;
- (9) the compilation and analysis of pertinent information required to adequately determine the infrastructure needs of secondary, value-adding industries in the industrial district or the needs of an aerospace transportation and technology infrastructure development project in the aerospace transportation and technology district;
- (10) the connection of the industrial district or the aerospace transportation and technology district to existing infrastructure outside the industrial district or the aerospace transportation and technology district;
- (11) the provision of direct assistance, through industrial infrastructure development projects or aerospace transportation and technology infrastructure development projects, to secondary, value-adding industries to assist in meeting their infrastructure and land needs within the industrial district or the aerospace transportation and technology district; and
- (12) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing, abating, or eliminating pollution.

Local Incentives – Yellowstone County

City/County Real Estate Tax Incentives

5-Year Program. Should the firm choose to ***purchase*** an existing building and make improvements exceeding \$500,000 to the property, then under the *Remodeling, Reconstruction or Expansion Tax Incentive Program* the property taxes levied on the value of the improvements may be reduced by 100% for the first 5 years of the project. In the 5th year the property would return to its full taxable value. This program is usually only available if the firm chooses to purchase the building that it will occupy and make improvements. *A leased building is typically not eligible for this tax incentive program as the owner of the property typically applies.*

10-Year Program. Should the firm choose to construct a new building, then under the *New & Expanding Industry Tax Incentive Program*, the taxable value of the real property can be reduced by 50% in the first 5 years. In years 6-10, the tax is gradually increased back to full 100% liability (increase of 10% per year). As with the 5-year program, this is for businesses owning the building as the owner applies. There are certain criteria; primarily that 50% of the company's revenues are generated from out of state. Job creation is also strongly encouraged for both programs.

The tax abatement is for both City and County taxes, and each jurisdiction has final say on whether the abatement would be granted.

Personal Property Tax Incentives

Also under the New and Expanding Industry Tax Incentive Program, total personal property taxes on significant, long-term assets with a useful life of at least 10 years may qualify.

SBA 504 Loan Program

The *SBA 504 Loan* program is a financing tool used primarily for businesses looking to expand their operations providing them with long-term fixed rate financing. This program is used for owner-occupied commercial real estate financing and/or the acquisition of certain long-term equipment (personal property). The typical financing package is structured with the borrower's primary lender financing 50% of the total project cost, the SBA financing 40% with a 10 or 20 year note, and the borrower coming in with a minimum of 10% equity. The interest rate on the SBA portion is a fixed rate for the term of the note and historically has been at or below the bank's rates. The borrower would have 2 separate loans, one to their primary lender and the other to the SBA. The SBA's note would be a fixed rate 10 or 20 year note and the primary bank would set its own rates and terms. Because this is an economic development loan, new job creation is a requirement and helps establish how much the SBA will lend. The SBA will lend \$65,000 per each full-time position created, regardless of pay scale. Therefore, if the project were to lead to the creation of 10 jobs, the SBA could lend up to \$650,000 (projected # of jobs created within 2 years).