

## Economic Affairs Interim Committee Meeting

Thursday, March 27, 2014

### **Presentation Agenda:**

- I. Introduction; Meg O'Leary, Director
- II. Assessment of benefits of tax credits for low-income housing; Bruce Brensdal, Administrator, Housing Division
- III. Assessment of benefits of community development and quality schools grants; Kelly Lynch, Administrator, Community Development Division
- IV. Update on Board of Horseracing, budget and projected race meets; Tom Tucker, Executive Secretary, Board of Horseracing
- V. Assessment of benefits of film tax credits; Jeri Duran, Administrator, Montana Promotions Division
- VI. Assessment of benefits for Indian country economic development grants; Casey Lozar, Program Manager, State Tribal Economic Development Commission
- VII. Assessment of benefits of economic development grants; Andy Poole, Administrator, Business Resources Division

# 2015 Biennium Budget

## Montana Department of Commerce

	FY 2014	FY 2015	2015 Biennium Total	2015 Biennium %
FTE	210.08	210.08	210.08	100.00%
Personal Services	\$ 15,480,170	\$ 15,819,605	\$ 31,299,775	10.38%
Operating	\$ 33,666,381	\$ 33,945,212	\$ 67,611,593	22.43%
Equipment	\$ 92,199	\$ 74,008	\$ 166,207	0.06%
Capital Outlay	\$ 31,536	\$ 31,536	\$ 63,072	0.02%
Local Assistance	\$ 5,721,918	\$ 6,246,437	\$ 11,968,355	3.97%
Grants	\$ 76,026,269	\$ 25,200,857	\$ 101,227,126	33.58%
Benefits & Claims	\$ 42,012,817	\$ 41,212,817	\$ 83,225,634	27.61%
Transfers	\$ 1,488,000	\$ 1,488,000	\$ 2,976,000	0.99%
Debt Service	\$ 1,343,162	\$ 1,592,800	\$ 2,935,962	0.97%
<b>Total Costs</b>	<b>\$ 175,862,452</b>	<b>\$ 125,611,272</b>	<b>\$ 301,473,724</b>	<b>100.00%</b>
<b>Funding</b>				
General Fund	\$ 9,105,196	\$ 8,182,045	\$ 17,287,241	5.73%
State Special	\$ 84,811,280	\$ 38,714,950	\$ 123,526,230	40.97%
Federal Special	\$ 24,280,272	\$ 19,224,735	\$ 43,505,006	14.43%
Proprietary	\$ 57,665,705	\$ 59,489,542	\$ 117,155,247	38.86%
<b>Total Funding</b>	<b>\$ 175,862,453</b>	<b>\$ 125,611,272</b>	<b>\$ 301,473,724</b>	<b>100.00%</b>

## Low Income Housing Tax Credit Program (LIHTC)

### **Summary**

- The Low Income Housing Tax Credit (LIHTC) was created as part of the Tax Reform Act of 1986 as a more effective mechanism for producing affordable housing.
- Nearly half of the nation's renters are rent burdened and need affordable options.
- According to the 2011 Harvard study, "America's Rental Housing: Meeting Challenges, Building on Opportunities," construction costs would have to be 28% of the current average to serve renter households earning the minimum wage. This is not possible without the LIHTC or other government programs.

### **What is the Low Income Housing Tax Credit (LIHTC)?**

- The LIHTC is the most successful affordable rental housing production program in U.S. history. Through construction of new apartments, preservation of existing affordable housing, and rehabilitation of older multifamily buildings, the LIHTC adds to the nation's supply of affordable housing.
- Since its inception, the program has produced and financed more than two million affordable apartments nationally.
- The LIHTC serves households earning 60% or less of the area median income with rents restricted to keep the units affordable.

### **How does the LIHTC work?**

- The LIHTC is a public/private partnership bringing together the federal government, state allocating agencies and the private sector.
- Developers receive an allocation of LIHTCs from the allocating agency through a competitive application process designed by the allocating agency to meet local housing needs.
- The tax credits are then sold to private investors to raise equity for an LIHTC project. The investors are part owners of the project, usually as limited partners. LIHTC syndicators typically bring the developer and investors together.
- The federal tax credit allows private equity to be raised at lower cost, in turn allowing rental projects to be developed, built, and operated successfully with below-market rents that serve lower-income families.
- LIHTC properties must remain affordable for a minimum of 30 years.
- The state allocating agency, syndicator, investor and developer monitor project compliance, resulting in a low foreclosure rate of less than 0.1%, as reported by a recent study from Novogradac & Company LLP.

# Low Income Housing Tax Credit Program (LIHTC)

## Featured Project: Depot Place in Kalispell Montana



### Project Information:

- Sparrow Development out of Missoula
- 40 units of senior housing
- All utilities are owner paid
- Amenities include laundry on each floor, community room, a/c, ceiling fans, dishwashers, disposal & microwave

### Rent Schedule:

	AMI <u>Targeted</u>	Number of <u>Units</u>	Net <u>Rent</u>
1-bdrm	40%	2	\$415
1-bdrm	50%	17	\$520
1-bdrm	60%	9	\$610
2-bdrm	40%	2	\$495
2-bdrm	50%	8	\$620
2-bdrm	60%	2	\$650
Total Units		40	

### Financing Information:

First Interstate Bank / Board of Investments	\$950,000
Deferred Developer Fee	\$25,936
Tax Credits	<u>\$5,228,000</u>
Total Project Cost	\$6,203,936
Annual Tax Credit Allocation	\$ 608,000
10 Year Total Tax Credits	\$6,080,000
Sales Factor	.86
Total Tax Credit Proceeds	\$5,228,000

### Operating Information:

Total Annual Revenue	\$ 254,896
Total Annual Operating Expenses	\$ 174,454
Net Income Before Debt Service	\$ 80,442
Debt Service	\$ 67,108
Debt Coverage Ratio	120%

**Montana Board of Housing  
Housing Credit Program**

YEAR	PROJECT NAME	UNITS	LOCATION	TYPE OF HOUSING	COSTS	EQUITY GENERATED BY	
						HOUSING CREDITS	
<b>2010</b>							
	Lolo Vista Apartments	40	Lolo	New Constr	Family	\$ 6,097,684	\$ 4,348,072
	Buffalo Court	20	Havre	New Constr	Elderly +55	\$ 5,555,127	\$ 4,914,000
	Meadowlands Apartments	48	Butte	New Constr	Elderly +62	\$ 6,866,714	\$ 4,266,256
	Solstice	34	Missoula	New Constr	Family	\$ 8,193,582	\$ 3,549,645
	Sentinal Village Apartments	60	Missoula	Acq/Rehab	Family	\$ 6,068,609	\$ 3,909,000
		<u>202</u>				<u>\$ 32,781,716</u>	<u>\$ 20,986,973</u>
<b>2011</b>							
	River Rock Residences	32	Helena	New Constr	Elderly +62	\$ 6,253,000	\$ 5,053,000
	Fort Peck Homes II	24	Poplar/Wolf Point	New Constr	Family	\$ 5,310,190	\$ 4,423,246
	The Palace Apartments	60	Missoula	Acq/Rehab	Family	\$ 8,844,164	\$ 5,718,228
	Cascade Ridge	40	Great Falls	New Constr	Elderly +62	\$ 5,834,801	\$ 5,237,601
	Two Rivers Place	8	St Regis	New Constr	Family	\$ 1,258,682	\$ 1,157,140
		<u>164</u>				<u>\$ 27,500,837</u>	<u>\$ 21,589,215</u>
<b>2012</b>							
	Rainbow House**	40	Great Falls	Acq/Rehab	Elderly +62	\$ 2,428,315	\$ 594,933
	Silver Bow Village**	60	Butte	Acq/Rehab	Family	\$ 6,057,143	\$ 1,424,573
	Haggerty Lane Apartments	11	Bozeman	New Constr	Family	\$ 2,170,122	\$ 1,656,834
	Sweet Grass Apartments	12	Shelby	New Constr	Family	\$ 1,975,983	\$ 1,705,800
	Soroptimist Village	50	Great Falls	Acq/Rehab	Elderly +55	\$ 5,853,977	\$ 4,882,350
	Blackfeet Homes V	24	Browning	New Constr	Family	\$ 5,447,898	\$ 5,049,294
	Parkview Village	20	Sidney	New Constr	Family	\$ 3,884,681	\$ 3,264,079
	Depot Place	40	Kalispell	New Constr	Elderly +55	\$ 6,203,936	\$ 5,228,000
		<u>257</u>				<u>\$ 34,022,055</u>	<u>\$ 23,805,863</u>
<b>2013</b>							
	Buffalo Grass	14	Cut Bank	New Constr	Family	\$ 2,426,101	\$ 2,123,587
	Hillview Apartments	52	Havre	Acq/Rehab	Family	\$ 7,209,087	\$ 5,155,560
	Fort Peck Sustainable Village	20	Poplar	New Constr	Family	\$ 5,657,758	\$ 5,179,482
	Wolf Point Village	24	Wolf Point	New Constr	Family	\$ 5,967,749	\$ 4,730,516
	Aspen Place	36	Missoula	New Constr	Elderly +55	\$ 5,944,090	\$ 5,058,988
		<u>146</u>				<u>\$ 27,204,785</u>	<u>\$ 22,248,133</u>
<b>2014</b>							
	Apsaalooke Warrior	15	Crow Agency	New Const	Family	\$ 2,788,054	\$ 2,071,793
	Pearson Place	27	Glendive	New Const	Family	\$ 5,327,460	\$ 4,199,580
	Sunset Village	36	Sidney	Acq/Rehab/new	Family	\$ 5,930,873	\$ 4,323,336
	Voyageur Apartments	38	Great Falls	New Const	Elderly +62	\$ 7,451,988	\$ 5,567,943
	Cedar View	32	Malta	Acq/Rehab	Family	\$ 3,835,107	\$ 2,102,520
	Chippewa Cree Homes I	33	Box Elder	Acq/Rehab	Family	\$ 6,285,168	\$ 3,964,003
		<u>181</u>				<u>\$ 31,618,650</u>	<u>\$ 22,229,175</u>
		<u>950</u>				<u>\$ 153,128,043</u>	<u>\$ 110,859,359</u>

**Montana Board of Housing  
Housing Credit Program**

YEAR	PROJECT NAME	FIRST YEAR IMPACT JOBS	FIRST YEAR IMPACT INCOME	FIRST YEAR IMPACT TAXES	ANNUAL IMPACT JOBS	ANNUAL IMPACT INCOME	ANNUAL IMPACT TAXES
<b>2010</b>							
	Lolo Vista Apartments	56	\$ 3,506,173	\$ 691,358	14	\$ 962,963	\$ 259,259
	Buffalo Court	27	\$ 1,672,131	\$ 307,377	7	\$ 479,508	\$ 127,049
	Meadowlands Apartments	64	\$ 4,013,115	\$ 737,705	17	\$ 1,150,820	\$ 304,918
	Solstice	47	\$ 2,980,247	\$ 587,654	12	\$ 818,519	\$ 220,370
	Sentinal Village Apartments	37	\$ 3,120,000	\$ 543,529	-	\$ -	\$ 20,541
		230	\$ 15,291,666	\$ 2,867,624	50	\$ 3,411,809	\$ 932,138
<b>2011</b>							
	River Rock Residences	42	\$ 2,675,410	\$ 491,803	11	\$ 767,213	\$ 203,279
	Fort Peck Homes II	33	\$ 2,103,704	\$ 414,815	8	\$ 577,778	\$ 155,556
	The Palace Apartments	37	\$ 3,120,000	\$ 543,529	-	\$ -	\$ 20,541
	Cascade Ridge	53	\$ 3,344,262	\$ 614,754	14	\$ 959,016	\$ 254,098
	Two Rivers Place	11	\$ 701,235	\$ 138,272	3	\$ 192,593	\$ 51,852
		177	\$ 11,944,610	\$ 2,203,173	36	\$ 2,496,600	\$ 685,326
<b>2012</b>							
	Rainbow House**	25	\$ 2,080,000	\$ 362,353	-	\$ -	\$ 13,694
	Silver Bow Village**	37	\$ 3,120,000	\$ 543,529	-	\$ -	\$ 20,541
	Haggerty Lane Apartments	15	\$ 964,198	\$ 190,123	4	\$ 264,815	\$ 71,296
	Sweet Grass Apartments	17	\$ 1,051,852	\$ 207,407	4	\$ 288,889	\$ 77,778
	Soroptimist Village	31	\$ 2,600,000	\$ 452,941	-	\$ -	\$ 17,118
	Blackfeet Homes V	33	\$ 2,103,704	\$ 414,815	8	\$ 577,778	\$ 155,556
	Parkview Village	28	\$ 1,753,086	\$ 345,679	7	\$ 481,481	\$ 129,630
	Depot Place	53	\$ 3,344,262	\$ 614,754	14	\$ 959,016	\$ 254,098
		239	\$ 17,017,102	\$ 3,131,602	37	\$ 2,571,979	\$ 739,711
<b>2013</b>							
	Buffalo Grass	19	\$ 1,227,160	\$ 241,975	5	\$ 337,037	\$ 90,741
	Hillview Apartments	32	\$ 2,704,000	\$ 471,059	-	\$ -	\$ 17,802
	Fort Peck Sustainable Village	28	\$ 1,753,086	\$ 345,679	7	\$ 481,481	\$ 129,630
	Wolf Point Village	33	\$ 2,103,704	\$ 414,815	8	\$ 577,778	\$ 155,556
	Aspen Place	48	\$ 3,009,836	\$ 553,279	12	\$ 863,115	\$ 228,689
		161	\$ 10,797,787	\$ 2,026,807	33	\$ 2,259,411	\$ 622,417
<b>2014</b>							
	Apsaalooke Warrior	21	\$ 1,314,815	\$ 259,259	5	\$ 361,111	\$ 97,222
	Pearson Place	38	\$ 2,366,667	\$ 466,667	10	\$ 650,000	\$ 175,000
	Sunset Village	22	\$ 1,872,000	\$ 326,118	-	\$ -	\$ 12,325
	Voyageur Apartments	50	\$ 3,177,049	\$ 584,016	13	\$ 911,066	\$ 241,393
	Cedar View	20	\$ 1,664,000	\$ 289,882	-	\$ -	\$ 10,955
	Chippewa Cree Homes I	20	\$ 1,716,000	\$ 298,941	-	\$ -	\$ 11,298
		171	\$ 12,110,531	\$ 2,224,883	28	\$ 1,922,177	\$ 548,193
		979	\$ 67,161,695	\$ 12,454,089	184	\$ 12,661,976	\$ 3,527,784

Based on National Association of Home Builders model to estimate economic impacts.



## Community Development Block Grant (CDBG) – Housing Program & HOME Investment Partnerships Program (HOME)

### **Summary**

- The Community Development Block Grant (CDBG) – Housing Program is a US Department of Housing and Urban Development program to provide decent affordable housing to Montanans of low to moderate income.
- CDBG funds are available by grant application to all cities, towns, and counties in Montana except Missoula, Billings, and Great Falls.
- The HOME Investment Partnerships (HOME) Program was created under Part II of the Cranston-Gonzalez National Affordable Housing Act of 1990 to provide decent affordable housing to Montanans of low and very low-income.
- HOME funds are available by grant application to all local governments, Public Housing Authorities (PHAs), and qualified nonprofit agencies that certify as Community Housing Development Organizations.

### **What do CDBG & HOME do?**

- Since 2009, CDBG –Housing has funded 13 housing projects for a total of \$5.35 million, providing 268 newly constructed, rehabilitated, or sustained affordable housing units. Funds are used to rehabilitate existing housing units, construct new affordable housing units, or provide land, infrastructure, or water/wastewater hook-ups for households of low to moderate income.
- CDBG planning grants assist communities in determining the type and number of units, as well as the infrastructure necessary to support their housing needs, through capital improvements plans, floodplain mitigation studies, housing needs assessments, preliminary architectural and engineering reports, growth policies, urban renewal plans, and other planning studies.
- Since 2009, HOME has funded 44 housing projects for a total of \$20.45 million, providing 820 newly constructed, rehabilitated or assisted affordable housing units. HOME funds support construction of new apartments, preservation of existing affordable housing, rehabilitation of older multifamily buildings, and support for low-income first-time homebuyers.
- CDBG & HOME both serve households earning 80% or less of the area median income.

### **How do CDBG Housing & HOME Work?**

- Both CDBG & HOME encourage public/private partnerships which bring together state and local governments, private developers, and nonprofit agencies; these partnerships are especially important during the planning phase of a project, to ensure the highest needs of the community are met and the project supports continued economic stability.
- CDBG & HOME funds allow project developers to use less private equity financing which reduces project debt service costs. This allows rental projects to be developed, built, and operated successfully with below-market rents that serve low and very low-income families.
- HOME funds and requirements are tied to a specific number of assisted units in a project based on the proportion of HOME funds relative to project cost. If HOME funds are 10% of a project's funding, then at least 10% of the units must meet HOME affordability requirements.
- Depending on the amount of HOME funds and type of project, HOME-funded projects must remain affordable for 5 to 20 years.

# Community Development Block Grant (CDBG) – Housing Program & HOME Investment Partnerships Program (HOME)

## Featured Project: Meadowlands Apartments in Butte



**Project Information:**

- Funds granted to Butte-Silver Bow County and then loaned to Thomas Development of Boise, ID
- 47 units of senior housing with 1 manager’s unit
- Awarded LEED Gold Status
- Amenities include washers and dryers, microwave, refrigerators, garbage disposal, patio or balcony and separate storage units. There are also community spaces including a lounge, kitchen, exercise room, craft room and library.
- Project is managed by Butte Affordable Housing
- An estimated 64 jobs were created by project construction

**Rent Schedule:**

	<u>Area Median Income Targeted</u>	<u>Number of Units</u>	<u>Tenant Rent</u>
1-bdrm	40%	2	\$346
1-bdrm	50%	3	\$395
1-bdrm	50%	25	\$451
1-bdrm	55%	2	\$503
2-bdrm	40%	3	\$416
2-bdrm	50%	10	\$542
2-bdrm	55%	2	\$605
Total Units		47	

**Financing Information:**

Low Income Housing Tax Credits:	\$4,266,256
Rural Development 538 Loan:	\$1,455,597
HOME Grant:	\$ 500,000
CDBG Grant:	\$ 450,000
Owner Cash:	\$ 194,861

**Operating Information:**

Total Annual Revenue	\$ 255,026
Total Annual Operating Expenses	\$ 118,307
Net Income Before Debt Service	\$ 136,719
Debt Service	\$ 98,316
Debt Coverage Ratio	139%





## Community Development Block Grant Program (CDBG) & Treasure State Endowment Program (TSEP)

### **Summary**

- The Community Development Block Grant (CDBG) – Public Facilities Program is a US Department of Housing and Urban Development program to provide affordable public infrastructure and community services to Montanans of low to moderate income.
- CDBG funds are available by grant application to all cities, towns, and counties in Montana except Missoula, Billings, and Great Falls.
- The Treasure State Endowment Program (TSEP) is a state program designed to help Montana communities finance affordable infrastructure projects that will promote stable economies and enhance the quality of life and protect the health, safety and welfare of Montanans.
- TSEP funds are available to municipalities, counties, tribal governments, and county water and sewer districts.

### **What do CDBG & TSEP do?**

- Since 2009, CDBG – Public Facilities has funded 40 public infrastructure and community facilities projects for a total of \$15.48 million dollars in water and wastewater system improvements, food banks, senior citizen's centers, community centers, children's homes, medical clinics, emergency services facilities, and disaster assistance directly or indirectly benefiting Montanans of low to moderate income.
- CDBG planning grants help communities plan for and prioritize their long term infrastructure and public facility needs, including the financing and implementation of water and wastewater systems, construct community facilities such as nursing homes and fire halls, provide funds for the rehabilitation of housing units, or purchase land or infrastructure in support of newly constructed affordable housing.
- Since 2009, TSEP has funded 167 public infrastructure projects for a total of \$56.1 million dollars in water, wastewater, solid waste, storm water, and bridge projects.
- TSEP planning grants help communities plan for and prioritize their long term infrastructure needs, identify methods for financing and implementation of those projects, and prepare preliminary design and analysis alternatives for infrastructure projects.

### **How do CDBG & TSEP work?**

- Both CDBG & TSEP encourage collaboration and partnerships between federal, state, and local funding agencies; these partnerships are especially important during the planning phase of a project, to ensure the public safety and health of the community is protected and the project is affordable for the community over the long-term.
- TSEP project grants are reviewed and ranked by the Department, recommended for funding by the Governor, and awarded by the Legislature during each biennial legislative session. TSEP planning and emergency grants are funded on an on-going basis during each biennium.
- CDBG – Public Facility project grants are awarded annually through a competitive application process. Planning grant applications are accepted and awarded on an ongoing basis until all funds are obligated.

# Quality Schools Grant Program

## Featured Project: Town of Cascade



### Project Information:

- Replace water distribution lines that were originally put in place in 1915. Currently working to replace approximately 10,800 feet, which is the Phase III of the project. Previous phases have replaced approximately 10,700 feet of lines.
- Population of 819, serving 323 households
- Community planning completed: Growth Policy, Preliminary Engineering Reports (PERs) in 1999, 2004, and 2008
- Median Household Income: \$30,602

### Financing Information:

- 2004 BI Planning Grant:
  - TSEP \$5,000
  - Total Project \$10,000
- 2007 BI Construction Phase I:
  - TSEP \$500,000
  - CDBG \$500,000
  - Total Project \$1,283,500
- 2009 BI Growth Policy:
  - CDBG \$15,000
  - Total Project \$30,000
- 2011 BI Construction Phase II:
  - TSEP \$625,000
  - CDBG \$450,000
  - Total Project \$1,403,000
- 2013 BI Planning Grant:
  - TSEP \$13,632
  - Total Project \$27,264
- 2015 BI Construction Phase III:
  - TSEP \$750,000
  - CDBG \$450,000
  - Total Project: \$2,070,000

Total TSEP Contribution: \$1,893,632

Total CDBG Contribution: \$1,415,000

Total water system improvements and associated planning: \$4,823,764

### Operating Information:

- Combined water/wastewater rates: \$100.06 per month
- Annual Operation and Maintenance Costs: \$156,000
- Total System Annual Revenue: \$232,274



## Quality Schools Grant Program

### **Summary**

- The Quality Schools Grant Program is a state program designed to provide Montana's public K-12 school districts with their long- and short-term facility needs.
- Quality Schools funding is available by grant application for all public elementary, high school, and K-12 school districts.

### **What does Quality Schools do?**

- Since 2009, Quality Schools has funded **190 projects** for a total of **\$45.2 million dollars** in school facility repairs, energy efficiency improvements, technology upgrades, and new construction.
- Quality Schools planning grants have helped school districts plan for and prioritize their long-term facility needs for the financing and implementation of facility repairs and expansion, classroom spaces, campus design, and HVAC systems, and prepare preliminary design and analysis alternatives for facility projects.

### **How does Quality Schools work?**

- Quality Schools program was created to help public K-12 school districts defray the costs of constructing and repairing school facilities, identified as the missing piece in the school funding system challenged by a coalition of schools, education groups, and parents in the school funding lawsuit.
- Quality Schools program can fund projects that solve urgent and serious public health or safety problems; address deferred maintenance by repairing or replacing existing building components that are inoperable or difficult to service or that lack minimum integrity; enhance a public school district's ability to offer specific services related to the requirements of state accreditation standards; provide long-term, cost-effective benefits through energy-efficient design; incorporate long-term, cost-effective benefits to school facilities, including technology needs to school facilities; or enhance educational opportunities for students.
- Quality Schools program balances the needs of small and large schools, urban and rural schools across the state, and prioritizes funding for school facility projects that would often not be feasible under the annual formula funding distributions.
- Quality Schools grant applications are reviewed and ranked by the Department, recommended for funding by the Governor, and awarded by the Legislature during each biennial legislative session.

# Quality Schools Grant Program

## **Featured Project: Flathead High School District in Kalispell, Montana**



### Project Information:

- The Flathead High School District was awarded planning grant funds in the 2013 biennium to complete a master plan for the District facilities.
- As a result of this planning effort, the Flathead High School District is making energy-saving and infrastructure improvements to Flathead High School through a facilities grant awarded during the 2015 biennium.
- Proposed improvements will:
  - Upgrade 178 interior and exterior light fixtures
  - Install 600 occupancy sensor lighting controls
  - Repair of deteriorated roof section and addition of roof insulation
  - Water fixture retrofits to reduce water usage
  - Replacement of remaining single pan windows in the gym, West Annex, Woodshop, and Autoshop.
- Estimated energy savings of \$58,857 a year with an expected payback period of 15 years.
- The energy savings will allow the district to reduce their current operating costs.
- Project is expected to be completed in Spring 2014.

### Financial Information:

Quality Schools Planning Grant	\$25,000
Quality Schools Project Grant	\$1,010,067
Flathead High School District Matching Funds	<u>\$1,588,954</u>
Total Project Cost	\$2,624,021



## Montana Coal Board

### **Summary**

- The Montana Coal Board assists local and tribal governments impacted by the large-scale development of coal mines and coal-using energy complexes.
- The Coal Board consists of seven members appointed by the Governor from throughout the state, with members from the fields of business, engineering, public administration, and planning.
- Coal Board funds are available by grant application to cities, towns, counties, tribal governments, school districts, and water and sewer districts falling within the designated Coal Impact area, a 14-county area located in central-southeast Montana.

### **What does the Coal Board do?**

- Since 2009, the Coal Board has funded 126 projects for a total of \$15.6 million dollars in school, medical, and community facilities, emergency services equipment and buildings, road repairs, and public infrastructure improvements, as well as planning grants for capital improvements plans, housing needs assessments, preliminary architectural and engineering reports, and growth policies.

### **How does the Coal Board work?**

- The Coal Board awards funding based on a community's need for financial assistance, the degree of the severity of coal development impacts, the availability of Coal Board funds, the degree of local effort in meeting the needs, and the extent to which a community has proactively planned for the current or anticipated impacts.
- Coal Board funding applications are reviewed and analyzed by Department staff, and awarded by the Board at each quarterly meeting.
- For approximately every one dollar of Coal Board Funds awarded, another \$1.95 in both private and public funds has been leveraged.

# Montana Coal Board

## Featured Project: City of Roundup Water Distribution System



### Project Information:

- The City of Roundup is in the designated coal impacted area, with Signal Peak Mine being approximately 16 miles south of Roundup. The mine employs approximately 330 people, with about 30 of those people living within the City of Roundup, and another 100 or so living in Musselshell County.
- After the City received a Treasure State Endowment Program (TSEP) planning grant in 2009 to study the water system, the Coal Board awarded \$500,000 in 2011 to begin construction of the project. The City has since been awarded TSEP planning grant funds to update the existing preliminary engineering report in an effort to plan for the next phase of development.
- The project addressed serious public health threats within the water system by:
  - improving existing wells;
  - replacing the transmission main from the wells to the wellhouse that was destroyed during the flooding of 2011;
  - replacement of the well pumps that allow the clearwell to be bypassed which was under the influence of surface water;
  - and replacing approximately 2,150 lineal feet of deteriorated cast iron distribution mains which were contributing to iron concentrations in the water that were 68 times as high as the Maximum Contaminant Level specified in the National Secondary Drinking Water Standards.
- Approximately 993 households were served by the project.

### Financial Information:

TSEP Planning Grant	\$ 37,500
Coal Board Grant	\$ 500,000
TSEP Infrastructure Grant	\$ 500,000
Federal Emergency Management Agency funds	\$ 142,483
Department of Natural Resources & Conservation	\$ 100,000
City of Roundup funds	<u>\$ 210,000</u>
<b>Total Project Costs</b>	<b>\$1,452,483</b>



## Montana Main Street Program

### **Summary**

- A collaborative effort between the Community Development Division and the Montana Office of Tourism, the Montana Main Street helps communities strengthen and preserve their historic downtown commercial districts by focusing on economic development, downtown revitalization, historic preservation and tourism through proactive long-range planning, organization, design and promotion.
- Montana Main Street Program provides a range of technical assistance and grants to communities striving to enhance economic and business vitality while maintaining local historic integrity, quality of life, and a sense of place.
- Main Street grant funds are available by grant application to 21 designated and affiliate communities across Montana.

### **What does Montana Main Street do?**

- Since 2011, the Main Street program has funded 26 projects for a total of \$141,869 dollars for façade improvement design, way-finding plans, urban renewal plans, preliminary architectural reports, growth policies, heritage tourism plans, and organizational planning.
- In addition to grant funding, Main Street staff help member communities organize downtown revitalization efforts and perform long-term planning for revitalization success. Program assistance supports communities in attracting and retaining business to Montana's downtown districts and help small business owners succeed by creating vibrant and healthy downtown districts.

### **Downtown Reinvestment Statistics – FY 2009 to Current**

- Montana Main Street membership currently stands at 21 designated and affiliate communities
- 77 public improvement projects with public/private investment of \$26,247,808
- 261 rehabilitation and renovation projects with public/private investment of \$25,625,980
- 15 new construction projects with public/private investment of \$12,720,000
- 228 new businesses created in downtown districts
- 699 new jobs created in downtown districts
- 115,269 volunteer hours dedicated to downtown planning, events, and improvements amounting to \$2.55 million at the federal value of volunteer time of \$22.14 per hour

## Montana Main Street Program

### Montana Main Street Projects & Grant Awards – FY 2011 to Current



Community	Project	Fiscal Year	Amount
Great Falls	Façade Improvement Design	2014	\$5,200
Lewistown	Wayfinding Design and Implementation Plan	2014	\$10,000
Miles City	Urban Renewal/TIF District	2014	\$10,000
Shelby	Preliminary Architectural Report/Feasibility Study	2014	\$15,000
Deer Lodge	Downtown Bench Public Improvement	2013	\$2,000
Helena	Property Tax Analysis/Valuation Maps	2013	\$7,500
Glendive	Dawson County/Glendive Growth Policy	2013	\$15,000
Shelby	Historic Walking Tour	2013	\$3,000
Terry	Completion of Growth Policy	2013	\$1,500
Whitehall	Urban Renewal/TIF District	2013	\$8,800
Butte	Historic Ghost Sign Evaluation	2012	\$3,000
Glasgow	Growth Policy	2012	\$10,000
Great Falls	Speaker Sponsorship/Website Design	2012	\$3,000
Sheridan	Historic Walking Tour	2012	\$3,000
Stevensville	Public Relations Plan	2012	\$3,000
Terry	Growth Policy	2012	\$14,500
Boulder	Organization/board development	2011	\$1,200
Dillon	Heritage Tourism Plan	2011	\$3,833
Glendive	Heritage Tourism Plan	2011	\$3,833
Great Falls	Historic Preservation Design	2011	\$2,500
Lewistown	Downtown website and logo	2011	\$3,330
Shelby	Heritage Tourism Workshop	2011	\$3,833
Sheridan	Historic Preservation Design	2011	\$2,440
Stevensville	Organization/board development	2011	\$1,200
Terry	Branding workshop/logo design	2011	\$4,000
Whitehall	Organization/board development	2011	\$1,200
		<b>Total</b>	<b>\$141,869.00</b>





## Community Technical Assistance Program (CTAP)

### Targeted Assistance to Eastern Montana Communities

#### **Summary**

- The Community Technical Assistance Program (CTAP) housed within the Montana Department of Commerce provides land use and planning guidance and assistance to local governments, boards, community organizations, and the private sector statewide.
- Beginning in 2011, CTAP experienced a significant increase in requests for technical assistance from communities in Eastern Montana dealing with impacts related to expansion of oil and gas development occurring in the Bakken region of eastern Montana and northwest North Dakota.
- CTAP staff conducted field visits throughout eastern Montana in early 2012 to discuss impacts and identify the needs of communities affected by oil and gas development.
- Over the past 2 years, CTAP staff has worked directly with eastern Montana communities to provide them with the technical assistance, tools and support necessary to plan for the impacts of oil and gas development in a manner that aims to encourage economic resiliency while strengthening communities in the long term.

#### **What does CTAP do?**

- In 2012, CTAP awarded \$150,000 to the Eastern Plains and Great Northern Economic Development Corporations to hire three professional planning consultants to provide ongoing training and technical assistance to eastern Montana communities, in partnership with CTAP.
- Based on community input, CTAP identified the areas in which communities were experiencing the greatest impact associated with the increased oil and gas development, including housing, transportation, public infrastructure and service delivery, schools, economic strain, etc.
- CTAP then worked with communities to identify land use planning tools and options (presently in place and as well as those available to implement), that could be used to mitigate some of the health, safety and financial impacts felt by communities in the Bakken region.

#### **Assistance Provided**

- CTAP, in partnership with the professional planning consultants, conducted 8 workshops focused on providing hands-on training and information on land use planning including subdivision review and exemptions, growth policies and zoning, new regulations for building for lease or rent (BLR) review, annexation and the provision of services planning process, planning tools to address growth and development, DEQ & DPHHS requirements, and the public process for land use application review.
- CTAP has produced a series of model documents for eastern Montana communities to use in addressing impacts related to growth and development pressure; these include a model annexation policy and provision of services plan, model workforce housing ordinance, model subdivision regulations (to be released Spring 2014), and model BLR regulations, applications and review materials.
- CTAP continues to provide ongoing technical assistance via phone, email and scheduled meetings and workshops in eastern Montana, to address ongoing issues related to oil and gas development.

## Community Technical Assistance Program (CTAP)

### **Featured Project: Technical Assistance for Roosevelt County**



Roosevelt County, adjacent to the North Dakota border in northeast Montana, has experienced significant growth and development impacts resulting from the sudden oil and gas development in the Bakken. In January 2012, CTAP staff met with planners and officials from Roosevelt County and the various communities throughout the County to discuss impacts related to oil and gas development, prioritize short and long term needs of the communities, review the land use planning tools and resources available to address those needs, and identify funding mechanisms to assist in the implementation of plans and projects.

#### Accomplishments to date:

- Four training workshops for planners and elected officials held in Glasgow and Sidney, MT; all eight workshops regularly attended by Roosevelt County elected officials, planners, and clerks.
- Roosevelt County adopted a county-wide temporary housing ordinance, following the model document developed by CTAP, to guide the orderly development of workforce housing and mitigate health and safety impacts associated with this type of growth.
- Assisted Bainville in the development and adoption of impact fees.
- Assisted Wolf Point in the development of an annexation policy and provision of services plan, utilizing the model annexation documents developed by CTAP.
- Helped Roosevelt County successfully apply for a total of \$178,000 in planning grant funds from the Department to assist them in addressing impacts related to development in the Bakken:

Roosevelt County – Feasibility study for a new jail facility (2012, CDBG)

Town of Froid – Development of zoning ordinance (2012, CDBG)

Town of Bainville – Capital improvements plan, needs assessment, and growth policy update (2012, CDBG); preliminary engineering report to study wastewater system (2011, TSEP); preliminary engineering report to study water system (2013, TSEP)

Town of Culbertson – Preliminary architecture report to study a medical center expansion (2012, CDBG)

Town of Poplar – Preliminary engineering report to study wastewater system (2013, TSEP)

Town of Wolf Point – preliminary engineering report to study drainage issues at high school (2013, Quality Schools)

## Average Estimated Economic Impacts from Nonresidential Construction of Water, Sewage and Other Treatment & Delivery Systems Investment in Montana

The below table outlines the estimated economic impacts to Montana of what \$1,000,000 of investment into construction of nonresidential structures and water, sewage, and other treatment and delivery systems in the State would be. These figures represent the average impact to Montana over the duration of the project based on the three most current years of model data available from Implan<sup>1</sup>.

### Impacts to Montana for \$1,000,000 of Invested Dollars in Respective Industry within Montana

The below estimates are averages of 2010, 2011 & 2012 Montana State Implan model estimates.

**Assumptions:** Using Montana State Implan Models. Assuming 100% Local Purchasing Percentage (i.e. all goods, services, labor are sourced from MT). Original estimates are done in the respective model year (i.e. 2010, 2011, or 2012) then averaged. All original figures are in model year dollars.

#### Implan Industry 36 - Construction of Other New Nonresidential Structures

Impact Type	Employment (jobs)	Labor Income (Wages & Salaries)	Value of Output <sup>2</sup>
Direct Effect	8.6	\$ 365,950	\$ 1,000,000
Indirect Effect	2.8	\$ 123,154	\$ 357,384
Induced Effect	3.3	\$ 109,774	\$ 345,544
<b>Total Effect</b>	<b>14.7</b>	<b>\$ 598,878</b>	<b>\$ 1,702,928</b>

#### Implan Industry 33 - Water, Sewage and Other Treatment and Delivery Systems

Impact Type	Employment (jobs)	Labor Income (Wages & Salaries)	Value of Output <sup>2</sup>
Direct Effect	6.3	\$ 293,387	\$ 1,000,000
Indirect Effect	3.4	\$ 144,038	\$ 382,399
Induced Effect	3.0	\$ 98,776	\$ 309,227
<b>Total Effect</b>	<b>12.6</b>	<b>\$ 536,200</b>	<b>\$ 1,691,626</b>

These figures can be translated into, for every \$1,000,000 dollars invested in construction of new nonresidential infrastructure in Montana, an estimated \$702,928 in additional economic output (i.e. goods and services) is generated, 8.6 construction jobs created, and an additional 6.1 indirect and induced jobs supported for a total of 14.7 jobs. A similar interpretation can be applied to the investment in water, sewage, and other treatment and delivery type systems in Montana.

<sup>1</sup>Implan (a product of MIG, Inc.) 2010, 2011 & 2012 Montana state multiplier models were used for this estimation; these were the most currently available Montana Implan models at the time of this analysis. Estimating impacts of investment spending using input/output modeling assumes constant returns per investment dollar, prices are not affected in the model, and the economic structure within the model region remains unchanged. These conditions are necessary for input/output model estimation of this nature.

<sup>2</sup>The value of the investment into the industry within the economy - \$1,000,000 - is equal to the increased output of the respective industry.

## Montana Board of Horseracing (BOHR)

### Mission Statement

To ensure the integrity of the state's horse racing industry, both live and simulcast, through customer oriented regulation and monitoring of compliance with the Montana State Board of Horse Racing Laws and Rules.

### Goals and Objectives

In order to fulfill its mission the Board of Horse Racing is committed to achieving the following goals and objectives:

*To monitor and regulate the horse racing industry in Montana; to allow the racing industry, both live and simulcast, to grow and perform at a level which would be beneficial to all racing interests in the State of Montana while at the same time providing and promoting public confidence. Economic impacts include Montana's agricultural sector, county fairgrounds, and the communities (lodging, meals, supplies, feed, etc.) in which race meets are held.*

#### Historical Data by Decade

*Averages per year for the decade*

Category	1980-1989	1990-1999	2000-2009	2010-2013
Race Tracks	11	7	5	3
Race Days	125	65	30	10
\$ Wagered	\$10.6M	\$4.4M	\$1.7M	.7M

### 2013 Live Racing Information

#### 2013 Live Race Meets Wagering Data

Race Track	Wagered	Returned to Public	Retained by Track	Purses Paid(2)
Miles City(1)	\$106,266	\$80,867	\$25,399	\$76,130
Great Falls	\$374,475	\$280,789	\$93,686	\$83,950
<b>Total</b>	<b>\$480,471</b>	<b>\$361,656</b>	<b>\$119,085</b>	<b>\$160,081</b>

- (1) Miles City's wagered amount in 2012 was \$117,358 (down 10% in 2013 due to rain-out on Sunday, May 19, 2013). Great Falls did NOT race in 2012.  
 (2) Purses Paid includes all horsemen fees, sponsorships and money added by the track.

#### 2013 Live Race Meets Race Data

Race Track	Race Days	Races Run	Field Count(3)	Starters(4)	Ave. Per Race
Miles City	3	23	151	138	6.0
Great Falls	4	38	250	235	6.2
<b>Total</b>	<b>7</b>	<b>61</b>	<b>401</b>	<b>373</b>	<b>6.1</b>

- (3) Number of horses entered into a race  
 (4) Number of horses actually starting in a race.

**Advanced Deposit Wagering**

Statute 23-4-301 (7) states – “The board may license an advance deposit wagering hub operator to conduct advance deposit wagering. Advance deposit wagering is prohibited and illegal unless it is conducted through an advance deposit wagering hub operator licensed by the board”.

“Source Market” fees paid to the board from Advance Depositing Wagering hubs are used to support the live horse racing industry.

**2013 Licensed Advance Deposit Wagering Hub**

<b>ADW Company</b>	<b>Wagers by Montana Residents</b>	<b>Source Market Fees Received</b>
Day At The Track	\$16,776	\$840
SocialGaming, Inc.	\$0	\$0
Sportech	\$20,930	\$879
TVG	\$1,413,006	\$24,941
Xpressbet	\$230,742	\$8,076
<b>Total</b>	<b>\$1,681,455</b>	<b>\$34,736</b>

80% of the source market fees are given to the race tracks to help pay for operations and purses. 10% of source market fees are retained by the board of horse racing for operations and 10% are set aside to pay for Montana owners and breeder’s bonuses at the end of the year (refer to Montana Owners & Breeders Awards).

**Montana Fantasy Sports**

Statute 23-4-301 (5)(b)(iii) states – “.... the board shall then distribute this portion of live race purses and for other purposes that the board considers appropriate for the good of the existing horse racing industry”.

**2013 Montana Fantasy Sports – Operated by Montana Lottery**

<b>Fantasy Sports</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Net to MBOHR</b>
Licensing Fees	\$13,100		
Ticket Sales	\$179,417		
Commissions		\$7,105	
Vendor Fees		\$10,787	
Prize Expenses		\$132,124	
<b>Total</b>	<b>\$192,517</b>	<b>\$150,016</b>	<b>\$42,501</b>

Money collected for Fantasy Sports helps provide officials at the race track as well supplement purses, track operations, debt repayment as well as board operations.

**Simulcasting**

In 2013, Montana Simulcast Racing LLC of Missoula completed its first full year of simulcasting since applying for a simulcast license in May of 2012. 1% of all statewide simulcast handles are returned to the board for operations. 1% of all handle and 3% of exotic handles are paid to the board to help with live racing in the state of Montana. Currently, there are 7 locations in the state of Montana that offer simulcast wagering:

**2013 Simulcast Site Listing**

Site Name	City	Site Name	City
Won \$800 Casino	Billings	Scottys Bar & Steakhouse	Kalispell
M & M Cigar Store	Butte	Golden Spur Casino	Miles City
Halftime Sports Bar	Great Falls	Katie O'Keefes Casino	Missoula
Bulls Eye Casino	Helena		

**2013 Simulcasting Handle and Funds to MBOHR**

MSR, LLC	Wagered	Returned to Public	1% to MBOHR	1% to Track/Purses	3% Exotics(5) Track/Purses
<b>2013 Total</b>	<b>\$4,248,198</b>	<b>\$3,356,499</b>	<b>\$42,482</b>	<b>\$42,482</b>	<b>\$83,874</b>

(5) Exotic wagering is all wagers other than win, place and show wagering.

**Montana Breeders and Owners Bonus Program**

By statute and rule, breeders and owners of Montana foaled horses will share in a Montana breeder and owner bonus program. 10% of the first money of every purse won by a horse bred in Montana shall be paid to the breeder of the horse and an equal amount shall be paid to the owner of the horse. These funds must be paid to the Montana Board of Horse Racing to administer and then pay-out to the respective parties. In addition to this bonus program, 10% of the "Source Market" fees must be set aside and paid to the same breeders and owners of Montana horses listed in the first bonus program. The 10% (5% owner and 5% breeder) is divided according to the percentage of winning purse money for each horse.

**2013 Montana Breeders and Owner Bonus**

Track	Horses	Earnings	Breeder Bonus	Owner Bonus	ADW Breeder Bonus	ADW Owner Bonus	Total Bonus
Miles City	6	\$4,620	\$462	\$462	\$780	\$780	\$2,484
Great Falls	5	\$5,670	\$567	\$567	\$957	\$957	\$3,048
<b>Total</b>		<b>\$10,290</b>	<b>\$1,029</b>	<b>\$1,029</b>	<b>\$1,737</b>	<b>\$1,737</b>	<b>\$5,532</b>

## **Board Licensing and Other Revenues**

Companies, individuals, and partnerships participating in live horse racing is required to have a valid license issued yearly by the Montana Board of Horse Racing. A breakdown of the types of licenses is listed below. Revenues from licensing are used to support the operations of the board as well as administrative costs supervising the live race meets.

### **2013 Live Race Meeting Licensing**

License Type	Issued	License Type	Issued	License Type	Issued
Announcer	3	Jockey	17	Program Employee	1
Assistant Starter	18	Jock Room Custodian	2	Racing Secretary	2
Assistant Trainer	1	Office Personnel	3	Stable Name	10
Bookkeeper	2	Other	1	Starter	1
Chief of Security	1	Outrider	4	Tote Employee	1
Clerk of Scales	2	Owner	95	Tote Company	1
Director of Racing	2	Owner-Trainer	45	Track License	2
Exercise Rider	3	Paddock Judge	2	Trackman	1
Family \$15	12	Parimutuel	38	Trainer	11
Family \$25	26	Parimutuel Manager	1	Turf Club Members	6
Gate Crew (Security)	4	Photo Employee	3	Valet	5
Groom	20	Photo Manager	1	Vet Assistant	2
Hotwalker	2	Plater	2	Veterinarian	2
Identifier	2	Pony Person	16	Video Company	1
<b>Total Issued</b>					<b>374</b>
<b>Revenues Generated From Licensing: \$15,675</b>					

### **Other Licensing, Fines, General Revenues**

Item	Revenues	Item	Revenue
ADW Licensing	\$3,500	Simulcast Licensing	\$2,070
Live Racing Fines	\$1,600		
<b>Other Revenues Total: \$7,170</b>			

### **Costs to the Board to supervise race meets**

Race Meet	Payroll	Travel	Lodging	Lab Work & Other	Total
Miles City	\$7,623	\$2,679	\$2,470	\$1,425	<b>\$14,197</b>
Great Falls	\$7,806	\$1,449	\$2,004	\$2,850	<b>\$14,109</b>
<b>Total</b>	<b>\$15,429</b>	<b>\$4,128</b>	<b>\$4,474</b>	<b>\$4,275</b>	<b>\$28,306</b>

### **Expenses of the Board**

Item	Expense	Item	Expense
Debt Service (D of A)	\$62,842.70		
Board Meetings & Travel	\$1,700	Distributions to Tracks(8)	\$95,000
Board Operations-Yearly(6)	\$38,570	Memberships(9)	\$3,000
Bonus Programs(7)	\$3,474	Other Debts(10)	\$5,000
<b>Expense Total: \$209,587</b>			

- (6) Includes management contract for the board and charges from Department of Commerce for payroll processing and computer time.
- (7) Montana Breeders and Owners bonus program from Advance Deposit Wagering source market fees.
- (8) Money distributed to tracks for support. Up to 50% MAY be used for operations and at LEAST 50% MUST be used for track purses.
- (9) Association of Racing Commissioners International – gives the board access to a U.S. wide database to review licenses and rulings from around the country.
- (10) Debt left by racing association which effected contracts for current simulcast operations and other wagering agreements. Debt remaining is \$4,500.02

## **Quick Review of 2014 for Montana Board of Horseracing**

With the move from the Department of Livestock to the Department of Commerce completed on July 1, 2013, the board of horse racing continues to focus on paying the debt to the Department of Administration while providing the maximum amount of financial support to the live race meets. All channels of revenue sources are continually being reviewed and monitored for ways to improve and increase money to the board.

### **Advance Deposit Wagering**

All ADW companies were re-licensed for 2014 at the "Source Market" fee rate of 4.5% of handle. Using the 2013 wagering figures, this should amount to roughly \$30,000 increase in revenues. The board continues to try and sign up more ADW companies around country.

New to Montana this spring will be the introduction of SocialGaming Technologies new wagering kiosk. The machine is designed to go into smaller facilities that cannot afford a full blow simulcast operation, and give patrons the ability to wager on horse, greyhound and harness racing from around the world. These machines can be used to introduce new customers to the racing industry as well as act as a potential end-point for streaming live video from the live race meets in Montana. If successful, this could add an additional \$30,000 to \$50,000 of revenue to the board. Locations are currently being reviewed and licensing will begin upon approval by the board of horse racing.

### **Fantasy Sports**

Though disappointing in the amount of money wagered on Fantasy Sports, the number of locations continues to increase due to the hard work by the Montana Lottery. Other games as well as innovative broadcasting methods need to be explored to get more people involved in the fantasy games. The board will work with the Montana Lottery to try to increase the wagering base.

### **Simulcasting – Montana Simulcast Racing LLC**

The simulcast network provides the majority of funds for the board of horse racing. We work hard to support their efforts and do whatever it takes to keep them operating. On December 31, 2013, the network celebrated its first full year of simulcast operations. The previous operator left a large amount of debt in the industry and caused many headaches for the new company. Slowly but surely, Montana Simulcast Racing LLC, is building Montana's reputation back to where it used to be. With that, more tracks are willing to send their signals to Montana and charging signal rates that are more reasonable. With increased competition from other forms of wagering, the board closely monitors the simulcast operation.

### **Live Racing in 2014**

Once again 7 days were allotted for the 2014 season, mirroring the days raced in 2013. Three days are scheduled for Miles City: May 11, 17, and 18, 2014. Four days are planned for Great Falls: July 19, 20 and 26, 27, 2014.

Distribution to the tracks for purses and operations will be \$90,000 in 2014.



Racing continues to work its way back, slowly. Funding is the key and until the board can generate more revenues for the tracks, 7 – 8 days a year will be the upper limit. Due to increased competition for horses in Idaho and Wyoming, 2014 could prove to be a rough year. Both Idaho and Wyoming passed legislation that will add additional revenues to their race meets, resulting in more days of racing and higher purses being offered in those states. Lack of competition from other gambling opportunities allows both Wyoming and Idaho to generate funds in excess of what the Montana Board of Horse Racing can currently offer.

Miles City Bucking Horse Sale is run in conjunction with the world famous Bucking Horse Sale and continues to offer horsemen a place to race their animals and display the equine products. In 2012, when no funding from the board of horse racing was available, Miles City raced on their own and was able to continue to provide an event that is traditional in the Miles City area.

### People In Love With The ‘Sport of Kings’

With all the doom and gloom of previous years, it was proven that people still love to watch live horse racing. After two years of not racing in Great Falls, the newly formed Great Falls Turf Club, with financial support from the Cascade County Commissioners, presented a four (4) day race meeting leading into the 2013 Montana State Fair. The highly successful race meet handled \$374,475 in 4 days, marking the highest total handle since 2005 when Great Falls handled \$544,709 with 10 days of racing.

### ***“A picture tells a thousand words!”***



(Picture taken July 27, 2013 – 3<sup>rd</sup> day of racing)

## Montana Board of Horseracing (BOHR)

### Analysis of BOHR Consolidated Revenues & Expenditures

Division/Program: (78) Montana Board of Horse Racing % Year Complete 73.42%  
 Authorizing Bill: CONSOLIDATED REPORT % Payroll Complete 68.97%

#### Revenues

	FY 2014 Revenue Est.	FY 2014 Revenues	FY 2014 Difference	FY 2014 %
Licenses & Permits	\$ 30,000	\$ 13,255	\$ 16,745	44.18%
Charges For Services	\$ 194,000	\$ 133,496	\$ 60,504	68.81%
Fines/Forfeits	\$ 1,250	\$ 1,250	\$ -	100.00%
Sale of Documents	\$ 100	\$ 20	\$ 80	20.00%
Lottery Fantasy Sports Revenue	\$ 190,000	\$ 172,085	\$ 17,915	90.57%
<b>Total Revenues:</b>	<b>\$ 415,350</b>	<b>\$ 320,106</b>	<b>\$ 95,244</b>	<b>77.07%</b>

#### Expenditures

FTE	Budget Level	FY 2014 Budget 1.25	FY 2014 Expenditures 1.25	FY 2014 Difference 0.00	FY 2014 %
Salaries	61100	\$ 79,318	\$ 4,955	\$ 74,363	6.25%
Per Diem	61300	\$ -	\$ -	\$ -	0.00%
Employee Benefits	61400	\$ 21,980	\$ 460	\$ 21,520	2.09%
Vacancy Savings	61600	\$ (3,999)	\$ -	\$ (3,999)	0.00%
Personal Services	61000	\$ 97,299	\$ 5,415	\$ 91,884	5.56%
Lottery Fantasy Sports Expenses	62000	\$ 170,000	\$ 132,909	\$ 37,091	78.18%
Contracted Services	62100	\$ 152,624	\$ 26,893	\$ 125,731	17.62%
Supplies & Materials	62200	\$ 224	\$ 195	\$ 29	87.23%
Communications	62300	\$ 2,166	\$ -	\$ 2,166	0.00%
Travel	62400	\$ 7,631	\$ 4,504	\$ 3,127	59.02%
Rent	62500	\$ 268	\$ 100	\$ 168	37.31%
Utilities	62600	\$ -	\$ -	\$ -	0.00%
Repairs & Maintenance	62700	\$ 500	\$ 207	\$ 293	41.41%
Other Expenses	62800	\$ 123,490	\$ 62,179	\$ 61,311	50.35%

(Continued on next page)

Operating Expenses	62000	\$	456,903	\$	226,988	\$	229,915	49.68%
Equipment	63000	\$	-	\$	-	\$	-	0.00%
Capital Outlay	64000	\$	-	\$	-	\$	-	0.00%
Local Assistance	65000	\$	-	\$	-	\$	-	0.00%
Grants	66000	\$	-	\$	-	\$	-	0.00%
Benefits & Claims	67000	\$	-	\$	-	\$	-	0.00%
Transfers	68000	\$	-	\$	-	\$	-	0.00%
Debt Service	69000	\$	-	\$	-	\$	-	0.00%
Total Costs:		\$	554,202	\$	232,402	\$	321,800	41.93%
<b>Funding</b>								
Board of Horse Racing HB 2 (780H1)	02029	\$	148,319	\$	44,591	\$	103,728	30.06%
BOHR Statutory SA (780S1)	02029	\$	235,883	\$	54,902	\$	180,981	23.28%
Lottery Fantasy Sports (6171T1)	02029	\$	170,000	\$	132,909	\$	37,091	78.18%
Total Funding		\$	554,202	\$	232,402	\$	321,800	41.93%

# Montana Board of Horseracing (BOHR)

## Analysis of BOHR Consolidated Balance Sheet

Division/Program: (78) Montana Board of Horse Racing % Year Complete 73.42%  
Authorizing Bill: CONSOLIDATED REPORT % Payroll Complete 68.97%

### Assets

	Account	Debit Amount	Credit Amount
Cash In Bank	1104	\$ 155,384	\$ -
Accounts Receivable - External	1203	\$ 5,000	\$ -
Prepaid Expense	1905	\$ 1,500	\$ -
Total Assets:		<u>\$ 161,884</u>	<u>\$ -</u>

### Liabilities

Advances From Other Funds	2202	\$ -	\$ 439,900
Total Liabilities:		<u>\$ -</u>	<u>\$ 439,900</u>

### Equity - Fund Balance

Net Assets (Fund Balance)	4101	\$ 278,016	\$ -
Totals:		<u>\$ 439,900</u>	<u>\$ 439,900</u>

# Montana Board of Horseracing (BOHR)

## Analysis of BOHR Loans

### HB 2 Total Loans

Fund	Term	Loan Amount	Annual Payment	Due Date
02029	10 Years	\$ 628,428	\$ 62,843	06/30/FY

Total Loan Amount/Payment	\$ 628,428	\$ 62,843
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**Source of Revenue for Repayment of Loan:**

The loans will be repaid with Fantasy Sports and Advanced Deposit Wagering Revenues. Based on past and projected revenues and the request of the Board of Horse Racing to allow for some operating funds these loans will be repaid in ten (10) years.

### Loan Repayment Schedule

Fund	Begin Balance	Payment Date	Repayment Amount	Loan Balance	Note	JV
02029	\$ 628,428	6/30/2012	\$ 62,843	\$ 565,585	Livestock Paid 06/30/12	2373796
		6/30/2013	\$ 62,843	\$ 502,743	Livestock Paid 06/30/13	2533864
		6/30/2014	\$ 62,843	\$ 439,900	Commerce Paid 03/17/2014	BOHRLOAN
		6/30/2015	\$ 62,843	\$ 377,057		
		6/30/2016	\$ 62,843	\$ 314,214		
		6/30/2017	\$ 62,843	\$ 251,371		
		6/30/2018	\$ 62,843	\$ 188,528		
		6/30/2019	\$ 62,843	\$ 125,686		
		6/30/2020	\$ 62,843	\$ 62,843		
		6/30/2021	\$ 62,843	\$ -		

2202 Advances From Other Funds Balance (General Ledger) 03/26/2014: \$ 439,900

**(3) Montana Board of Horse Racing Cash Balance 03/26/2014:**

Fund	Name	Cash Balance
02029	BOHR Operation Fund	\$ 155,384

**[Montana Film Incentives]**

Montana has an active and dynamic production community with talented and experienced production companies and crew at the ready statewide. Montana offers multiple value added incentives as well as an incentive program to make Montana an attractive and viable option for on-location film production.

<b>Locations</b>	147,164 square miles of diverse, authentic and timeless locations
<b>Infrastructure</b>	Full service grip & lighting studio, two active film hubs, and a talented, dedicated crew base available statewide
<b>Crew &amp; Services</b>	Searchable database of over 1,000 crew and services listings available at <a href="http://www.montanafilm.com">www.montanafilm.com</a>
<b>No Sales Tax</b>	7% average savings on sales tax
<b>No Bed Tax</b>	Companies staying at the same hotel for 30+ days are exempt from the 7% bed tax
<b>Film Office</b>	Liaison and production partner with over 40 years combined experience and resources at the ready

**[Economic Impact]**

Year	Direct Spend	Total Impact	Job Hours
2006	\$ 6,448,500	\$ 9,672,750	310,651
2007	\$ 7,265,000	\$ 10,897,500	237,323
2008	\$ 4,978,500	\$ 7,467,750	162,631
2009	\$ 2,732,500	\$ 4,098,750	89,261
2010	\$ 4,111,500	\$ 6,167,250	134,309
2011	\$ 4,988,000	\$ 7,482,000	162,941
2012	\$ 7,100,200	\$ 10,650,300	231,939
2013*	\$ 5,360,000	\$ 8,040,000	175,093

\*2013 figures are preliminary

On average, the economic impact of production in Montana is over \$22 million annually, including added impact from film tourism visitation influenced by film or other moving imagery. Montana offers a modest and flexible, three-pronged incentive package in the form of cash and refundable tax credits:

\$1MM

**Big Sky Film Grant** (Film Grant, Resident Filmmaker, YouTube Grant, Festival Grant): Provides funding options for large projects and support for local production, allowing the Montana Film Office to incentivize large budget films and showcase the impressive quality and range of in-state production.

9%

**Refundable tax credit on qualified Montana expenditures:** No cap, no minimum spend

14%

**Refundable tax credit on resident labor and talent hires:** First \$50,000 of each Montana resident wages.



For more information on all things film in Montana, visit [www.montanafilm.com](http://www.montanafilm.com).



## Indian Country Economic Development Program (ICED)

With unemployment rates high as 70% on some reservations, supporting Native entrepreneurialism and job creation projects not only improves economic prosperity on reservations and with Native people, it improves the overall state economy.

### **Program Objectives**

The Indian Country Economic Development (ICED) program develops and promotes sustainable economies for Native Americans and on reservations by:

- Providing *technical assistance* and *financial resources* to existing tribal businesses to help them expand operations and facilities, train and employ new workers, and thrive;
- Assisting in the development of start-up tribal businesses, in turn, creating *new job opportunities*, and enhancing the overall economies of Montana's reservations;
- Delivering *business skills training* to the growing numbers of Indian entrepreneurs and helping Native businesses *access capital*.

### **Program Components**

The ICED program is divided into three categories that specifically address the unique characteristics that shape economic development on reservations and with Native people:

1. **Tribal Priority Projects:** (\$560,000)- Directly supports the 8 tribal governments in the state with a grant of \$70,000 to address:
  - Tribal business development,
  - Workforce, and entrepreneurial training projects,
  - Feasibility studies, etc.
2. **Montana Indian Equity Fund** (\$112,000). Each tribal community is allotted \$14,000 to support businesses that need equity to access additional capital. Equity funds are prioritized for:
  - Start-up and expansions of tribal member-owned businesses on or near reservations
3. **Indian Entrepreneur Training & Technical Assistance** (\$38,000) for:
  - Operational and organizational training for start-up companies/efforts,
  - Increasing access to capital for new tribal businesses
  - *Teach the teacher* training for local Native American business advisors

### **Reporting**

Each tribal government and individual tribal business awardee(s) provides progress and final reports on project outcomes and budgets at pre-determined dates throughout biennium.

## Indian Country Economic Development Program (ICED)

### **Program Performance (Since 2006)**

#### Indian Country Economic Development Awards

Tribal Government	\$4,207,950
Montana Indian Equity Fund	\$734,123
Indian Entrepreneur Training	\$165,000
Total ICED Awards	<b><u>\$5,107,073</u></b>

#### Indian Country Economic Development Leverage

Total Match/Loan Amount	<b><u>\$28,677,653</u></b>
Match Ratio	5.78 to 1

#### Jobs

Created/Retained (Tribal Priority Projects)	162
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#### Business Supported

In Partnership with Tribal Governments	70
Montana Indian Equity Fund	94

#### Technical Assistance and Training

Indian Entrepreneurship Attendees	867
Workforce Training	902

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\*There are several extended contracts from 2013 that are not reflected in these numbers. All data will be adjusted once contracts are fully executed.



# Indian Country Economic Development Program (ICED)

## Tribal Government Priority Economic Development Projects



The Fort Belknap Indian Community has successfully spun off several businesses under its “Smokehouse” brand. The tribally owned Smokehouse enterprise employs over 60 individuals. This is one example of the 162 tribal jobs created and 902 employees trained as a result of ICED funding.



## Montana Indian Equity Fund



Moses Yellow Robe III (Yellow Robe Art) creates custom welded metal art sculpture and is a recipient of the Montana Indian Equity Fund. Not only did the grant fund Moses’ entrepreneurial idea and get him more exposure for his work, it helped Moses alter the course of his life. Yellow Robe Art is one of 94 tribal member small businesses that have been supported by the Indian Equity Fund and is one of the growing numbers of successful entrepreneurs that are changing the trajectory of Indian Country economics.

## Indian Entrepreneur Training & Technical Assistance

Over 867 people in tribal communities have attended business entrepreneur trainings or have been provided technical assistance through the Indian Entrepreneurship Training & Technical Assistance network. Recent “Profit Mastery” attendees pictured above learn how to benchmark company performance, understand different methodologies for managing profits, utilize practical ways to improve cash flow and predict, manage, and invest net revenue for their businesses.



## Primary Sector Workforce Training Grant Program (WTG)

**39-11-102. Purpose.** (1) The Primary Sector Business Workforce Training Act is created to meet the training needs of existing industries in the state and to provide incentives to businesses to locate and expand within the state through government-assisted new jobs training.

(2) It is the intent of the legislature to provide training funds for businesses to train and educate employees, which will result in the production of high-wage and high-skilled jobs that will increase the earning potential and employment opportunities for Montana employees and enhance the state's economy.

<u>Business Eligibility</u>	<ul style="list-style-type: none"> <li>At least 50% of the applicant's sales must be from outside of Montana, or the business must be;             <ul style="list-style-type: none"> <li>a manufacturing company with 50% of its sales to companies that have 50% of their sales outside of Montana, or provide a product or a service that is not available in Montana or the region</li> </ul> </li> <li>The Business must pay trainees at least 170% of the State minimum wage or the current average weekly wage of the County in which the jobs are principally located. <u>(Benefits may be included)</u></li> </ul>
<u>Grant Award Ceiling</u>	<ul style="list-style-type: none"> <li>The maximum grant award is \$5,000 for each job.</li> </ul>
<u>Match Requirements</u>	<ul style="list-style-type: none"> <li>\$1 of company funds for each \$3 of state funds.</li> </ul>
<u>Eligible Costs</u>	<ul style="list-style-type: none"> <li>Direct costs associated with education or skills based training for net new jobs are eligible. <u>(The wages of the employees are not eligible costs of training.)</u></li> </ul>
<u>Applications must include</u>	<ul style="list-style-type: none"> <li>Applications must include a business plan, financial statements for the two most recent years, projections for the two coming years, a hiring and training plan and a source and uses statement.</li> </ul>
<u>Clawback</u>	<ul style="list-style-type: none"> <li>The business is required to sign a contract specifying terms of the grant and repayment requirements should the company fail to maintain the jobs, wage levels or training specified in the grant application.</li> </ul>
<u>Reporting</u>	<ul style="list-style-type: none"> <li>The business must submit six-month progress reports to the Department until the goals contained in the plan have been achieved.</li> </ul>

**Payment is not made to the company until hiring takes place, eligible training expenses are incurred, and required wage rates are being paid.**

# Primary Sector Workforce Training Grant Program (WTG)

## Economic Benefits Summary Report

(Current as of February 2014)

### All Awarded Projects – since 2003

#### Training Awards & Leverage

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Business Development Projects	45 projects
Total Funds Awarded Based on Job Projections (since FY2006)	\$14.6 million
Leveraged Funds (non-Commerce debt, equity, etc.)	<u>\$248.1 million</u>
Leverage Ratio (non-Commerce to WTG awarded dollars)	<b>17 to 1</b>

#### Investment of Leveraged Funds

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Construction	\$135.8 million
Other Investment Activity (equipment purchase, training, etc.)	<u>\$112.3 million</u>
<b>Total Investment</b> <sup>1</sup>	<b>\$248.1 million</b>

#### Jobs

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Proposed WTG Eligible Direct Jobs Created and/or Retained <sup>2</sup>	4,361 jobs
Other Jobs Supported by WTG Workers	<u>5,312 jobs</u>
<b>Total Jobs</b>	<b>9,673 jobs</b>

#### Wages Earned

---

Annual Wages & Benefits Paid to WTG Created/Retained Workers	\$204.0 million
Annual Wages Paid to Supported Workers <sup>3</sup>	<u>\$184.2 million</u>
<b>Total Annual Wages &amp; Benefits</b>	<b>\$388.2 million</b>
<b>Average Hourly Wages &amp; Benefits<sup>4</sup></b>	<b>\$19.29/hr.</b>

#### Income Tax

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Annual Increased Income Tax Revenue (State General Fund Impact) <sup>5</sup>	<b>\$15.6 million</b>
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<sup>1</sup> Figures do not sum due to rounding.

<sup>2</sup> Eligible jobs, full or part time, are those new to the company and meet the program's wage requirements.

<sup>3</sup> Estimated using an input/output economic modeling software, Implan ([www.implan.com](http://www.implan.com)).

<sup>4</sup> Based upon 2080 hours per year

<sup>5</sup> Estimated using the respective project year's annual effective income tax rate as calculated by the MT Department of Revenue.

# Primary Sector Workforce Training Grant Program (WTG)

## Economic Benefits Summary Report

(Current as of February 2014)

### Completed Projects – since 2003

#### Training Awards & Leverage

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Business Development Projects	34 projects
Total Funds Awarded - Actual Jobs Created /Trained (since FY2006)	\$6.03 million
Leveraged Funds (non-Commerce debt, equity, etc.)	<u>\$212.2 million</u>
Leverage Ratio (non-Commerce to WTG awarded dollars)	35 to 1

#### Investment of Leveraged Funds

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Construction	\$120.8 million
Other Investment Activity (equipment purchase, training, etc.)	<u>\$91.4 million</u>
<b>Total Investment</b> <sup>6</sup>	<b>\$212.2 million</b>

#### Jobs

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Actual WTG Eligible Direct Jobs Created and/or Retained <sup>7</sup>	2,356 jobs
Other Jobs Supported by WTG Workers	<u>1,907 jobs</u>
<b>Total Jobs</b>	<b>4,263 jobs</b>

#### Wages Earned

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Annual Wages & Benefits Paid to WTG Created/Retained Workers	\$95.1 million
Annual Wages Paid to Supported Workers <sup>8</sup>	<u>\$57.7 million</u>
<b>Total Annual Wages &amp; Benefits</b>	<b>\$152.8 million</b>
<b>Average Hourly Wages &amp; Benefits</b> <sup>9</sup>	<b>\$17.23/hr.</b>

#### Income Tax

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Annual Increased Income Tax Revenue (State General Fund Impact) <sup>10</sup>	<b>\$10.2 million</b>
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<sup>6</sup> Figures do not sum due to rounding.

<sup>7</sup> Eligible jobs, full or part time, are those new to the company and meet the program's wage requirements.

<sup>8</sup> Estimated using an input/output economic modeling software, Implan ([www.implan.com](http://www.implan.com)).

<sup>9</sup> Based upon 2080 hours per year

<sup>10</sup> Estimated using the respective project year's annual effective income tax rate as calculated by the MT Department of Revenue.

# Primary Sector Workforce Training Grant Program (WTG)

## Project Profile



*Northwest Scientific, Inc. – Billings, Montana*

Northwest Scientific, Inc. is a distributor of chemicals, instruments, and supplies. The company has served the scientific needs of customers since 1948 and serves more than 20 states.

Northwest's warehouse is located in Billings, Montana and represents over 200 vendor suppliers and over 700,000 different products. Being located in Billings, a transportation hub for all major carriers, allows the company to expedite deliveries to all its marketing areas.

In 2012 the company began construction of a \$2.2 million dollar headquarters to relocate 19 employees and inventory to its new King Avenue West location. The 23,000 square foot warehouse triples Northwest's square footage and is a welcome expansion for a company that had outgrown its previous location.

In 2012, Northwest applied for Primary Sector Workforce Training Grant funds to hire and train 14 new employees. The company was awarded a \$70,000 grant for new employee training which the company matched with \$2.2 million in expansion costs.



## Community Development Block Grant Program Economic Development (CDBG-ED)

This is a federally funded Department of Housing and Urban Development (HUD) program designed to assist businesses with low interest financing when they provide job opportunities for low and moderate income Montanans.

<b><u>FUNDING:</u></b>	<ul style="list-style-type: none"> <li>U.S. Department of Housing and Urban Development</li> </ul>
<b><u>ANNUAL STATE ALLOCATION:</u></b>	<ul style="list-style-type: none"> <li>Changes annually - Approximately \$5.9 million in 2013 (1.9 million ED, 3.7 million housing/public facilities, \$279,000 administration)</li> </ul>
<b><u>APPLICATION CYCLE</u></b>	<ul style="list-style-type: none"> <li>Economic Development <i>Open Cycle</i></li> <li>Economic Dev. Planning <i>Open Cycle</i></li> </ul>
<b><u>ELIGIBLE APPLICANTS</u></b>	<ul style="list-style-type: none"> <li>Local governments (cities, towns, counties, consolidated city/county governments) apply on behalf of businesses and unincorporated communities</li> </ul>
<b><u>INELIGIBLE APPLICANTS</u></b>	<ul style="list-style-type: none"> <li>Montana Entitlement Communities (Great Falls, Missoula, Billings), Indian Tribes</li> </ul>
<b><u>ELIGIBLE ACTIVITIES</u></b>	<ul style="list-style-type: none"> <li>Business loans, infrastructure grants, employee training</li> <li>Planning documents related to an economic development project</li> </ul>
<b><u>GRANT AWARD</u></b>	<ul style="list-style-type: none"> <li>Up to \$400,000 per local government, per program year which is March 1 to April 31</li> <li>Up to \$25,000 per local government for planning activities - can have multiple applications</li> </ul>
<b><u>MATCH</u></b>	<ul style="list-style-type: none"> <li>1:1 match</li> </ul>
<b><u>LOAN TERMS</u></b>	<ul style="list-style-type: none"> <li>Loans 2%</li> </ul>
<b><u>LOW AND MODERATE INCOME SUPPORT</u></b>	<ul style="list-style-type: none"> <li>51% required</li> </ul>
<b><u>REPORTING</u></b>	<ul style="list-style-type: none"> <li>Quarterly reports during the contract term.</li> </ul>

For more information, visit <http://cdbged.mt.gov/default.mcp> or call (406) 841-2736

# Community Development Block Grant Program Economic Development (CDBG-ED)

## **Economic Benefits Summary Report**

(2009 to March 2014)

Since 1987 the CDBG-ED program has:

- Awarded over \$56 million in grants to local governments
- Matched and leveraged \$637.7 million of other funds (11 to 1 match)
- Helped create or retain 8,113 Montana jobs of which 4,677 were filled by low to moderate income people

## All Awarded Projects – since 2009

### Program Awards & Leverage – Since 2009

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Business Development Projects	26 projects
Total Funds Awarded Based on Job Projections	\$9.0 million
Leveraged Funds (non-Commerce debt, equity, etc.)	<u>\$59.9 million</u>
Leverage Ratio (non-Commerce to CDBG-ED awarded dollars)	<b>7 to 1</b>

### Investment of Leveraged Funds

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Construction	\$32.5 million
Other Investment Activity (equipment purchase, training, etc.)	<u>\$27.4 million</u>
<b>Total Investment</b>	<b>\$59.9 million</b>

### Jobs

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Proposed Low-to-Moderate (LMI) Income Jobs Created/Retained	647 jobs
Proposed Non-LMI Jobs Created/Retained	265 jobs
Other Jobs Supported by CDBG-ED Workers <sup>1</sup>	<u>798 jobs</u>
<b>Total Jobs</b>	<b>1,710 jobs</b>

### Wages Earned

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Total Annual Wages Paid to CDBG-ED Created/Retained Workers	\$31.3 million
Total Annual Wages Paid to Supported Workers <sup>1</sup>	<u>\$29.4 million</u>
<b>Total Annual Wages &amp; Benefits</b>	<b>\$60.7 million</b>
<b>Average Hourly Wage Earned<sup>2</sup></b>	<b>\$17.06/hr.</b>

### Income Tax

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Annual Increased Income Tax Revenue (State General Fund Impact) <sup>3</sup>	<b>\$2.4 million</b>
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<sup>1</sup> Estimated using the input/output economic modeling software, Implan ([www.implan.com](http://www.implan.com)).

<sup>2</sup> Based upon 2080 hours

<sup>3</sup> Estimated using the respective project year's annual effective income tax rate as calculated by the MT Department of Revenue.

# Community Development Block Grant Program Economic Development (CDBG-ED)

## **Economic Benefits Summary Report**

(2009 to March 2014)

### Completed Projects Only – since 2009

#### **Program Awards & Leverage – Since 2009**

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Business Development Projects Since CY 2009	15 projects
Total Funds Awarded Based on Job Projections (since CY 2009)	\$5.5 million
Leveraged Funds (non-Commerce debt, equity, etc.)	<u>\$51.6 million</u>
Leverage Ratio (non-Commerce to CDBG-ED awarded dollars)	<b>9 to 1</b>

#### **Investment of Leveraged Funds**

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Construction	\$29.3 million
Other Investment Activity (equipment purchase, training, etc.)	<u>\$22.3 million</u>
<b>Total Investment</b>	<b>\$51.6 million</b>

#### **Jobs**

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Proposed Low-to-Moderate (LMI) Income Jobs Created/Retained	474 jobs
Proposed Non-LMI Jobs Created/Retained	155 jobs
Other Jobs Supported by CDBG-ED Workers <sup>1</sup>	<u>446 jobs</u>
<b>Total Jobs</b>	<b>1,075 jobs</b>

#### **Wages Earned**

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Total Annual Wages Paid to CDBG-ED Created/Retained Workers	\$18.9 million
Total Annual Wages Paid to Supported Workers <sup>4</sup>	<u>\$15.2 million</u>
<b>Total Annual Wages &amp; Benefits</b>	<b>\$34.1 million</b>
<b>Average Hourly Wage Earned<sup>5</sup></b>	<b>\$15.25/hr.</b>

#### **Income Tax**

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Annual Increased Income Tax Revenue (State General Fund Impact) <sup>6</sup>	<b>\$1.3 million</b>
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<sup>4</sup> Estimated using the input/output economic modeling software, Implan ([www.implan.com](http://www.implan.com)).

<sup>5</sup> Based upon 2080 hours.

<sup>6</sup> Estimated using the respective project year's annual effective income tax rate as calculated by the MT Department of Revenue.



# Community Development Block Grant Program Economic Development (CDBG-ED)

## Project Profile



### *Sun Roads Farmory – Cut Bank, Montana*

Sun Roads Farmory, a Native American owned business produces high quality feed that livestock producers and pet owners can raise in a controlled, energy efficient environment on their own properties (“Pasture in a Box”).

A 100% organic, green and nutritious feed product is produced regardless of inclement weather in a self-contained unit. Sun Roads Farmory is experiencing rapid growth and is looking to expand operations into human food products.

Kim and Michael Richert, who run the family-owned Open Gate Ranch in Fairfield, Montana with their sons, purchased two large AFS sprouters at \$30,000 a piece recently. They have 500 beef cattle, 15 horses, some pigs and dairy cows, and will use the fodder for all of them. The animals had just had their first AFS meal, and Kim said, “They loved it. We think it’s going to be an absolute asset to our operations.

*Read more at*  
<http://indiancountrytodaymedianetwork.com/2011/02/15/blac-kfeed-members-speed-livestock-feed-growth-16750>

Glacier County received an award of \$400,000 and they are lending the funds through Sweetgrass Development Corporation to the company at 2% interest. As loan payments are made, the repayments stay with the region and are revolved into other economic development loan. Sun Roads Farmory will match the state loan funds with \$400,000 of its own capital.

Sun Roads Farmory will create 16 new jobs of which 15 will be made available to low and moderate persons. New jobs include technicians, welders, quality control, and skilled labor positions. Jobs will pay up to \$19.50 an hour.



## Big Sky Economic Development Trust Fund (BSTF)

**90-1-202. Purpose.** .....The purpose of the big sky economic development program is to assist in economic development for Montana that will:

(1) create good-paying jobs for Montana residents; (2) promote long-term, stable economic growth in Montana; (3) encourage local economic development organizations; (4) create partnerships between the state, local governments, tribal governments, and local economic development organizations that are interested in pursuing these same economic development goals; (5) retain or expand existing businesses;(6) provide a better life for future generations through greater economic growth and prosperity in Montana; and (7) encourage workforce development, including workforce training and job creation, in high-poverty counties by providing targeted assistance.

<b><u>Eligible Businesses include:</u></b>	<ul style="list-style-type: none"> <li>• A basic sector company or a business that provides a significant positive economic impact beyond the job creation involved, and/or; provides a service or function that is essential to the community, region and/or the state of Montana and,</li> <li>• creates at least 1 new job in Montana and,</li> <li>• pays new workers at least 170% of the State minimum wage or the current average weekly wage of the County in which the jobs are principally located. (<u>Benefits may be included</u>)</li> </ul>
<b><u>Grant Award Ceiling and Thresholds</u></b>	<ul style="list-style-type: none"> <li>• The maximum grant award is \$5,000 for each new job (\$7,500 in high-poverty counties).</li> <li>• Funds typically provided only at the time that the jobs have been created.</li> </ul>
<b><u>Match Requirements</u></b>	<ul style="list-style-type: none"> <li>• \$1 company funds for every \$1 awarded (50% in high poverty counties)</li> </ul>
<b><u>Eligible Costs</u></b>	<ul style="list-style-type: none"> <li>• Purchase of land, building, or equipment for the direct use of the business, lease rate reductions, relocation costs in moving to Montana, and workforce training.</li> </ul>
<b><u>Applications for funding must include</u></b>	<ul style="list-style-type: none"> <li>• Business plan, financial statements, and projections.</li> </ul>
<b><u>Clawback</u></b>	<ul style="list-style-type: none"> <li>• Contract terms include repayment requirements should the company fail to maintain the jobs, wage levels or other contract requirements.</li> </ul>
<b><u>Reporting</u></b>	<ul style="list-style-type: none"> <li>• Every six months until the project is closed out and whenever a request for funds is made.</li> </ul>

# Big Sky Economic Development Trust Fund (BSTF)

## Economic Benefits Summary Report

(Current as of March 2014)

The BSTF program provides two types of financial assistance:

**Category I:** 75% of Trust Fund earnings are awarded to local governments and tribal governments for economic development job creation projects.

**Category II:** 25% of Trust Fund earnings are awarded to CRDCs, Tribes and other eligible economic development organizations for development planning and capacity building.

## All Job Creation Projects – since 2005

### Awards & Leverage

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Business Development Projects	43 projects
Total Funds Awarded Based on Job Projections (since FY2006)	\$11.1 million
Leveraged Funds (non-Commerce debt, equity, etc.)	<u>\$658.0 million</u>
Leverage Ratio (non-Commerce to BSTF awarded dollars)	<b>59 to 1</b>

### Investment of Leveraged Funds

---

Construction	\$298.3 million
Other Investment Activity (equipment purchase, training, etc.)	<u>\$359.7 million</u>
<b>Total Investment</b>	<b>\$658.0 million</b>

### Jobs

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Proposed BSTF Eligible Direct Jobs Created <sup>1</sup>	1,813 jobs
Other Jobs Supported by BSTF Workers	<u>1,769 jobs</u>
<b>Total Jobs</b>	<b>3,582 jobs</b>

### Wages

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Annual Wages & Benefits Paid to BSTF Workers	\$80.8 million
Annual Wages Paid to Supported Workers <sup>2</sup>	<u>\$66.6 million</u>
<b>Total Annual Wages &amp; Benefits</b>	<b>\$147.4 million</b>
<b>Average Hourly Wages &amp; Benefits<sup>3</sup></b>	<b>\$19.78/hr.</b>

### Annual State Personal Income Tax Estimate

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Annual Increased Income Tax Revenue (State General Fund Impact) <sup>4</sup>	<b>\$5.9 million</b>
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<sup>1</sup> Eligible jobs are full time jobs that are new to the company and meet the program's wage requirements.

<sup>2</sup> Estimated using an input/output economic modeling software, Implan ([www.implan.com](http://www.implan.com)).

<sup>3</sup> Based upon 2080 hours.

<sup>4</sup> Estimated using the respective project year's annual effective income tax rate as calculated by the MT Department of Revenue.

# Big Sky Economic Development Trust Fund (BSTF)

## Economic Benefits Summary Report

(Current as of March 2014)

### Completed Job Creation Projects – since 2005

#### Awards & Leverage

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Business Development Projects	18 projects
Total Funds Awarded – Actual Jobs Created (since FY2006)	\$3.9 million
Leveraged Funds (non-Commerce debt, equity, etc.)	<u>\$600.2 million</u>
Leverage Ratio (non-Commerce to BSTF awarded dollars)	<b>154 to 1</b>

#### Investment of Leveraged Funds

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Construction	\$278.6 million
Other Investment Activity (equipment purchase, training, etc.)	<u>\$321.6 million</u>
<b>Total Investment</b>	<b>\$600.2 million</b>

#### Jobs

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Actual BSTF Eligible Direct Jobs Created <sup>5</sup>	691 jobs
Other Jobs Supported by BSTF Workers	<u>675 jobs</u>
<b>Total Jobs</b>	<b>1,366 jobs</b>

#### Wages

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Annual Wages & Benefits Paid to BSTF Workers	\$31.4 million
Annual Wages Paid to Supported Workers <sup>6</sup>	<u>\$23.7 million</u>
<b>Total Annual Wages &amp; Benefits</b>	<b>\$55.1 million</b>
<b>Average Hourly Wages &amp; Benefits<sup>7</sup></b>	<b>\$19.39/hr.</b>

#### Annual State Personal Income Tax Estimate

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Annual Increased Income Tax Revenue (State General Fund Impact) <sup>8</sup>	<b>\$2.2 million</b>
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<sup>5</sup> Eligible jobs are full time jobs that are new to the company and meet the program's wage requirements.

<sup>6</sup> Estimated using an input/output economic modeling software, Implan ([www.implan.com](http://www.implan.com)).

<sup>7</sup> Based upon 2080 hours

<sup>8</sup> Estimated using the respective project year's annual effective income tax rate as calculated by the MT Department of Revenue.

# Big Sky Economic Development Trust Fund (BSTF)

## Project Profile



### *ADF Group, Inc. – Fabrication of Steel Structures and Modular Construction*

ADF Group is an international leader in complex, heavy, structural steel engineering, fabrication and construction. They have an impressive project list which includes many skyscrapers, airport facilities, bridges, industrial complexes and more throughout the world.

ADF Group was looking at a variety of locations around the United States and Canada to select the best location to serve both the Western US and Western Canadian markets. Great Falls was fortunate to become a finalist and then the selected location for the project.



ADF Group purchased 100+ acres in Great Falls and started construction on a 100,000+ square foot indoor state-of-the-art fabrication shop in April of 2013. The construction on the plant is being completed now and the plant will be commissioned very soon.

To-date, \$25 million in capital investment has been made and over 70 good paying jobs have been created in Great Falls.

In late February 2014, ADF Group announced plans for further expansion with a 42,000 square foot, \$6 million dollar specialized paint shop. The overall project is estimated to provide 300+ jobs within the first four years of operation.

In 2013 the City of Great Falls applied for Big Sky Trust Fund Economic Development grants to help purchase equipment and construction materials for the new plant. The Department awarded the City BSTF funds totaling \$983,700. ADF is committed to creating at least 146 jobs with these funds. The jobs will pay at least \$16.73 an hour.

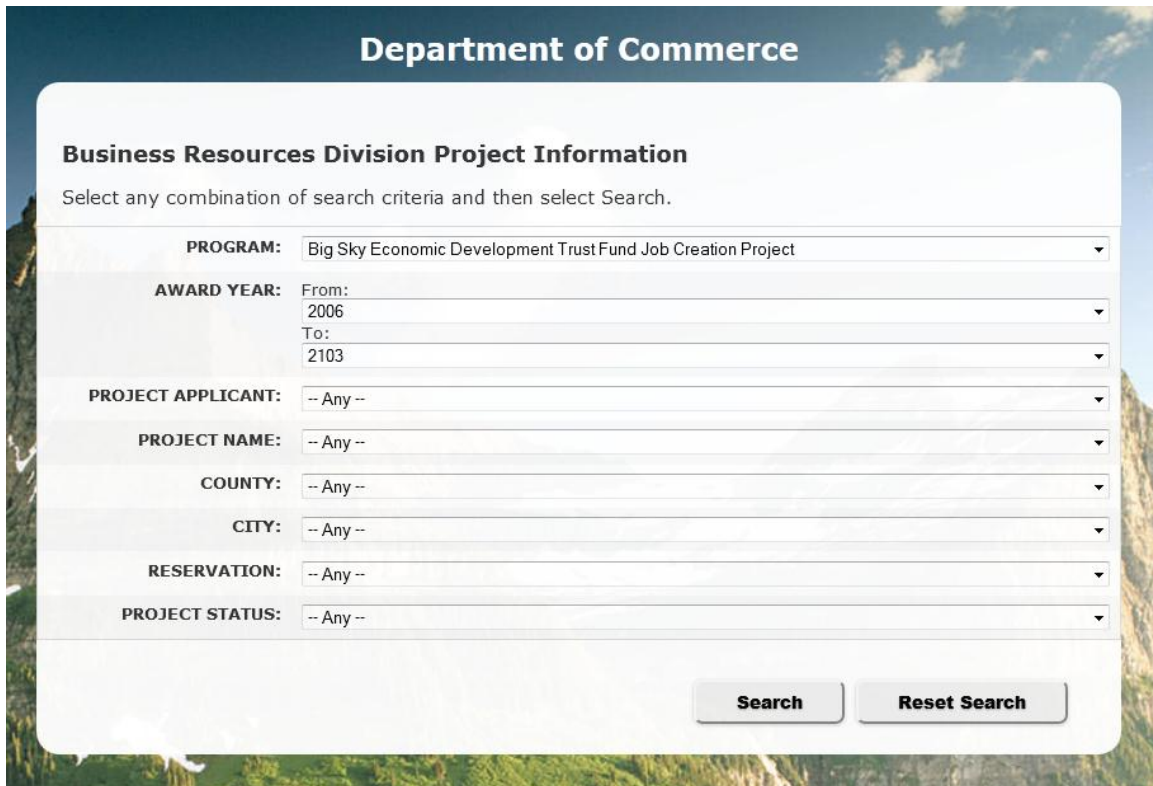


ADF is working with the University of Great Falls to offer a customized welding and fitting program to integrate new industry related specialized skill training.

## Business Resources Division Funded Project Information

<http://svc.mt.gov/doc/publicreporting>

The Business Resources Division provides a public-facing funded project information database where members of the public can view information for all BRD funded projects, including Award Year, Program, Project Applicant, Project Name, Location, Award Amount, Leverage, Project Description, Jobs Created, Jobs Retained, and Project Status.



**Department of Commerce**

**Business Resources Division Project Information**

Select any combination of search criteria and then select Search.

**PROGRAM:** Big Sky Economic Development Trust Fund Job Creation Project

**AWARD YEAR:** From: 2006 To: 2103

**PROJECT APPLICANT:** -- Any --

**PROJECT NAME:** -- Any --

**COUNTY:** -- Any --

**CITY:** -- Any --

**RESERVATION:** -- Any --

**PROJECT STATUS:** -- Any --

**Search** **Reset Search**

AWARD YEAR	PROGRAM	PROJECT APPLICANT	PROJECT NAME	LOCATION	AWARD AMOUNT	LEVERAGE	PROJECT DESCRIPTION	JOBS CREATED	JOBS RETAINED	PROJECT STATUS
2014	Big Sky Economic Development Trust Fund Job Creation Project	Missoula County	Submittable, Inc.	MISSOULA	\$112,500	\$282,335	Grant to assist Submittable, Inc. with the purchase of equipment and lease rate reduction. The award will support the creation of 13 jobs that pay at least \$16.62 per hour, excluding the value of benefits.	15	0	Completed
2013	Big Sky Economic Development Trust Fund Job Creation Project	Flathead County Economic Development Authority	Integrated Security Solutions (ISS)	KALISPELL-FLATHEAD	\$40,000	\$31,817	Grant to assist Integrated Security Solutions (ISS) with the purchase of equipment which will allow for the expansion of the business culminating in the creation of 8 new jobs paying \$16.28 per hour excluding benefits.	9	32	Completed
2013	Big Sky Economic Development Trust Fund Job Creation Project	Wheatland County	ERL River Systems, Inc.	HELFORTON-WHEATLAND	\$52,500	\$833,125	Grant to assist ERL River Systems with the purchase of new equipment that will allow the company to expand creating 7 new jobs paying the average county wage of \$12.68 excluding benefits.	7	50	Completed
2013	Big Sky Economic Development Trust Fund Job Creation Project	City of Great Falls	ADF International, Inc.	GREAT FALLS-CASCADE	\$832,500	\$23,167,000	Grant to assist ADF International, Inc. with the purchase of equipment which will allow for the creation of 111 BSTF eligible jobs paying the average county wage of \$16.73 per hour excluding benefits.	111	0	Completed
2013	Big Sky Economic Development Trust Fund Job Creation Project	Flathead County Economic Development Authority	Accurate Casework Industries (ACI)	KALISPELL-FLATHEAD	\$42,380	\$128,236	Grant to assist Accurate Casework Industries (ACI) with purchase of equipment which will allow for the company expansion and creating 21 BSTF eligible new jobs paying wages that meet or exceed \$13.30 - \$33.65 per hour excluding benefits.	21	5	Completed
2013	Big Sky Economic Development Trust Fund Job Creation Project	Lincoln County Port Authority	LIV Golf Cars, Inc.	LINCOLN	\$160,133	\$1,201,030	Grant to assist Lincoln County Port Authority and LIV Golf Cars, Inc. with job creation as a result of business start-up in Libby, Montana. The award will support the creation of 22 jobs that pay at least \$13.53 per hour including the value of benefits.	22	0	Completed
2013	Big Sky Economic Development Trust Fund Job Creation Project	Missoula County	Alcom, LLC	MISSOULA	\$900,000	\$1,403,911	Grant to assist Missoula County and Alcom, LLC with lease rate reduction and equipment purchases in Missoula, Montana. The award will support the creation of 120 jobs that pay at least \$16.62 per hour, excluding benefits.	120	0	Completed
2013	Big Sky Economic Development Trust Fund Job Creation Project	Missoula County	Western Montana Mental Health Center (WMMHC)	MISSOULA	\$75,000	\$3,234,687	Grant to assist Missoula County and Western Montana Mental Health Center with the purchase of equipment and building materials. The award will support the creation of 29 jobs that pay at least \$16.62 per hour, excluding the value of benefits.	10	0	Completed
2013	Big Sky Economic Development Trust Fund Job Creation Project	Missoula County	MT Mapping and GPS, LLC	MISSOULA	\$221,600	\$784,241	Grant to assist Missoula County and MT Mapping and GPS, LLC with the purchase of equipment and materials. The award will support the creation of 40 jobs that pay at least \$13.30-29.00 per hour, excluding the value of benefits.	40	0	Completed
2013	Big Sky Economic Development Trust Fund Job Creation Project	City of Great Falls	ADF International, Inc. #2	GREAT FALLS-CASCADE	\$151,200	\$23,835,675	Grant to assist ADF International, Inc. to purchase building construction materials and equipment. The award will allow for 35 new jobs paying \$13.32 - \$6.23 including BETA Benefits.	35	0	Completed

Showing 1 to 10 of 43 entries