

Department of Commerce Agency Overview

October 2011

For the Economic Affairs Committee

Department Head: Dore Schwinden, Director (appointed by governor with Senate approval)

Description and Responsibilities:

- Responsible for economic and social studies and data gathering/synthesis related to planning and economic development, including aid to regional development groups/planners.
- Advises and assists Montana business/labor and local/tribal communities in economic development, including compiling and maintaining information on development sites and preservation of historical sites.
- Cooperates with and provides technical assistance to local governments and their planning or zoning commissions or other agencies involved in community development and gathers studies and information necessary to provide development assistance.
- Manages microbusiness and other business development loan programs and provides technical assistance and training.
- Manages the quality school facility grant program to help schools address energy efficiency, major deferred maintenance, and other infrastructure and technology needs.
- Coordinates with tribal governments and the director of Indian affairs on promoting Indian tourism activities and takes lead on state recreational planning and development related to private recreational investment.
- Serves as official state liaison between persons interested in new economic enterprises and state and local groups and tribal governments.
- Assists in publicizing state facilities/ attractions.
- Studies and promotes market expansion of Montana products, including training and assistance to manufacturers of local products.
- May provide housing surveys, information on available governmental housing assistance programs, and research on housing design.
- Oversees community infrastructure grant program.
- Facilitates all energy development/jobs (specific mention of alternative energy in 17-6-403).
- Handles coal impact grants (through Coal Board).
- Establishes and maintains a central depository of Montana census and economic information.

Administratively Attached Entities:

- Board of Housing, under 2-15-1814, MCA.
- Board of Investments, under 2-15-1808, MCA.
- Board of Research and Commercialization Technology, under 2-15-1819, MCA.
- Coal Board, under 2-15-1821, CMA.
- Economic Development Advisory Council, under 2-15-1820, MCA.
- Hard-Rock Mining Impact Board, under 2-15-1822, MCA.
- Montana Council on Developmental Disabilities, under 2-15-1869, MCA.
- Montana Facility Finance Authority, under 2-15-1815, MCA.
- Montana Heritage Preservation and Development Commission, under 22-3-1002, MCA.
- State-Tribal Economic Development Commission, under 90-1-131, MCA.

Legislative Audits:

- Financial Compliance Audit for fiscal years ending June 30, 2009, for Department of Commerce.
- Performance Audit of Small Business Development Centers, published January 2006.

Agency Bills Passed During 2011 Session:

- HB 15, by Rep. Trudi Schmidt, jointly requested with the Office of Budget and Program Planning, appropriating \$11,069,265 to the Department of Commerce from the school facility and technology state special revenue account for 30 prioritized public school facility projects, subject to availability.

Agency Bills That Failed During 2011 Session:

- HB 11, by Rep. Jon Sesso, jointly requested with the Office of Budget and Program Planning authorizing transfers of money from the Treasure State Endowment Special Revenue Account to the General Fund, and extending transfers to the Treasure State Endowment Fund to 2021.

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Department of Commerce						
Program	FTE FY 2013	2013 Biennium				
		General Fund	State Special	Federal Revenues	Proprietary	Total
Business Resources Division	29.50	\$10,013,707	\$4,708,723	\$9,774,990	\$0	\$24,497,420
Big Sky Economic Develop Trust Fund	2.00	0	\$8,672,911	0	0	\$8,672,911
Distressed Wood Products	2.00	0	\$1,036,565	\$1,208,909	0	\$2,245,474
Research and Commercialization	2.00	\$1,950,000	\$2,900,229	0	0	\$4,850,229
Census and Economic Info Center*	0.00	0	0	0	0	0
State Small Business Credit Initiative*	0.00	0	0	0	0	0
State Small Business Develop. Center*	0.00	0	0	0	0	0
State-Tribal Economic Develop. Cmsn.*	0.00	0	0	0	0	0
Trade & International Relations*	0.00	0	0	0	0	0
Business Resources Division Total	35.50	\$11,963,707	\$17,318,428	\$10,983,899	0	\$40,266,034
Montana Promotion Division	28.50	0	\$35,012,191	0	0	\$35,012,191
Energy Program & Development Divison	5.00	\$910,000	0	0	0	\$910,000
Community Development Division						
Community Develop. Block Grant Program	5.20	\$656,033	0	\$10,970,079	0	\$11,626,112
Community Tech. Assistance Program	2.20	\$387,758	0	0	0	\$387,758
Neighborhood Stabilization Program***	0.00	0	0	0	0	0
Quality Schools Grants Program	0.00	0	\$12,069,265	0	0	\$12,069,265
Treasure State Endowment Program	6.20	0	\$15,880,600	0	0	\$15,880,600
Mt Coal Board	1.20	0	\$6,123,000	0	0	\$6,123,000
Mt Hard-Rock Mining Impact Board	1.20	0	\$1,588,232	0	0	\$1,588,232
Community Development Division Total	16.00	\$1,043,791	\$35,661,097	\$10,970,079	0	\$47,674,967
Facility Finance Authority	3.00	0	0	0	\$829,439	\$829,439
Housing Division	47.00	0	\$51,600	\$10,884,710	\$94,604,146	\$105,540,456
Board of Investments	33.00	0	0	0	\$12,668,503	\$12,668,503
Montana Heritage Commission	18.25	0	\$2,724,251	0	0	\$2,724,251
Director's Office	22.00	\$729,373	0	\$1,200,000	\$3,092,585	\$5,021,958
Total Agency Funding	208.25	\$14,646,871	\$90,767,567	\$34,038,688	\$111,194,673	\$250,647,799
* Included in the Business Resource Division Total						
** Includes funding for Regional/Local distributed by Tourism Advisory Council						
*** Included in the Community Development Division Total						

From: Legislative Fiscal Division

Significant Non-Agency Bills During 2011 Session:

- HB 196, by Rep. Pat Connell, allows (but does not require) the department to advocate on behalf of local governments regarding significant federal land management proposals.
- HB 351, by Rep. Rob Cook, appropriates money to Commerce for the Treasure State Endowment Program.
- HB 604, by Rep. Rob Cook, cuts temporarily the \$1.275 million for the Research and Commercialization

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Technology Board by diverting \$375,000 to a Small Business State Matching Grant Program, \$125,000 for a high-performance supercomputing program in Butte, and \$300,000 for Montana Tech (for a total of \$800,000/year). As of July 1, 2013, current law funding resumes until ending July 1, 2019.

- HB 611, by Rep. Rob Cook, puts \$195,000 from the statutorily appropriated account funding the Research and Commercialization Technology Board, into the Montana Food and Agricultural Development program.

Economic Affairs Interim Committee Areas of Interest:

- Lawsuit over Treasure State Endowment Program and Governor's line-item veto
- State Small Business Credit Initiative, handled with the Governor's Office of Economic Development.
- Graduation of Energy Promotion and Development Division to ongoing program under House Bill 2 but without specific statutory authority -- just broad authority of Department of Commerce for development.

Hot Topics of 2011 Session:

- Treasure State Endowment Program
- Subdivision review exemptions, HJR 39 (Education and Local Government Committee with help from CTAP)

Governor's Office of Economic Development

Agency Overview

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Chief Business Development Officer/Office head: Evan Barrett (appointed by governor with Senate approval)

Statutory Authority: 2-15-218, MCA, for Office of Economic Development, established within the Office of Governor, with policy and purpose stated in 90-1-112, MCA. Rulemaking authority is provided in 90-1-114, MCA. The chief business development officer's duties are listed in 2-15-219, MCA.

Other Office Names: Governor's Office of Economic Opportunity.

Office Description and Responsibilities:

- Encompasses programs on business retention and recruitment, workforce development, technology development, infrastructure improvement, and permitting/regulatory processes.
- May contract with or employ policy specialists to carry out program goals or assist business development officer.
- May accept loans, grants, or gifts for stated purposes.
- Strengthen foundations of state's business environment and diversify and expand existing economic endeavors.
- Cooperate with businesses, other government entities, and public organizations.
- Offer technical and financial assistance regarding economic development, particularly of natural resources and agricultural operations.
- Someone from office serves on the State-Tribal Economic Development Commission

Business Development Officer Duties:

- Help provide, along with the office, a vision and direction through the development of strategies and initiatives to ensure orderly, effective development of state economy.
- Advise the governor on policy issues related to economic development.
- Lead the state's business recruitment, retention, and expansion efforts.
- Coordinate the development and distribution of a statewide strategic development plan.
- Coordinate office functions/programs.
- Serve as the state's primary liaison with federal, state, local agencies, Montana tribal governments, private, nonprofit economic development organizations, and the private sector.
- Serves on Rail Services Competition Council and Economic Development Advisory Council.

Programs, FTE, and Funding for FY 2012-2013:

Budget is within the Governor's budget.

	FY 2013 FTE	General Fund	Total FY 2012-2013
Governor's Office of Economic Development	5.63	FY 2012 - \$938,536 FY 2013 - \$937,510	\$1,876,046

Administratively Attached Entities:

- None

Legislative Audits:

- December 2004 Performance Audit, stemming from HB 2 request for an audit to determine whether the office is meeting its established goals.

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No Agency Bills Submitted During 2011 Session

Significant Non-Agency Bills During 2011 Session:

- SB201, by Sen. Edward Walker, requiring a small business impact analysis, provides that the Office of Economic Development shall advise and assist agencies in complying with the estimates. Vetoed.

Economic Affairs Interim Committee Areas of Interest:

- Unclear whether the Department of Commerce or the Governor's Office of Economic Development has true lead on economic development issues or whether it matters as long as they cooperate.

Hot Topics of 2011 Session:

- Transfers or attempted transfers of economic development funds to other purposes.