



THE LAST BEST PLACE FOR BUSINESS

Executive Summary of Financial Programs – 2024



We thank you for considering Montana for your relocation or expansion project.

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Job Creation Tax Credits

Employer Job Growth Incentive Tax Credit:

Non-refundable tax credit offsetting the employer FICA contribution which may be claimed up to 7 years.

Tax Abatements

Single Sales Factor Apportionment Formula:

Effective January 01, 2025.

Manufacturing machinery, fixtures and equipment special abatement:

Provides a special property tax abatement up to 100% of taxable value.

Property Tax Abatement:

Reduces the taxable value of property or applies a reduced tax rate in nine abatement categories including new industrial property, R&D, new and expanding industries and building tenant improvements.

Tax Exemptions

Business Equipment Exemption:

Businesses receive automatic \$1M tax exemption reducing their property tax liabilities.

No State Sales Tax:

May be particularly useful for capital intensive projects. This exemption includes electricity and natural gas purchases.

No Estate and Inheritance Tax:

Repealed November 2000. Popular tax exemption for legacy planning.

No Gross Receipts Tax:

According to the Tax Foundation, "often considered one of the most economically damaging taxes."

No State Inventory Tax:

Particularly beneficial for manufacturers and retailers with larger inventories.

Entrepreneur Magnet Act:

Exempts qualifying businesses from paying state capital gains tax on the sales of employee-owned stock.

Research & Development Exemption:

An R&D firm domiciled in the State of Montana for the first time is not subject to state corporate income taxes on NET income during its first 5 taxable years of activity in Montana.

Financing & Grants

Montana Growth Fund:

A new loan participation program with a competitive interest rate which also has a forgivable loan benefit to eligible businesses, including both existing businesses and businesses seeking to expand in the state.

Big Sky Film Grant:

Grant opportunities for businesses targeting the B2C market developing eligible production within Montana.

Commercial Property Assessed Clean Energy (C-PACE):

A tool that can finance energy efficiency and renewable energy improvements on commercial property.

Community Development Block Grant:

The program can assist businesses by making fixed-rate financing available at low interest rates, and can offer payment deferrals, lower payments in the first year, and interest-only payments. Opportunities for businesses targeting the B2C market developing eligible production within Montana.

Export Montana, Trade Show Assistance:

Provides up to \$3,000 to help with out-of-state and international expansion by exhibiting at trade shows.

Growth through Ag Program:

Grant & loan to promote ag diversification, can be used for equipment, construction and promotion.

Indian Country Programs:

(1) Indian Equity Fund Small Business Grant,
(2) Tribal Business Planning Grant and other resources.

Microbusiness Financing Program:

Program for businesses with less than 10 full-time employees and less than \$1M in revenues seeking up to \$100,000 in financing.

Industrial Development Bonds (IDB's):

A type of qualified private activity bond to help private companies finance the construction, expansion or renovation of privately-owned manufacturing and processing facilities with tax-exempt advantages.

Montana Board of Investments:

Partnering with Montana banks and EDOs, the Board has designed a series of loan programs that can be tailored to meet unique needs. These programs can enable access to lower, fixed rate financing with customized loan terms. Job creation projects can further reduce interest rates up to 2.5%.

Montana SBIR/STTR Matching Funds:

For eligible companies working on a project for a federal agency, Montana offers up to \$60,000 matching grant funds for Phase I and Phase II.

Montana State Small Business Credit Initiative (SSBCI):

Dynamic loan participation program through EDOs to assist existing and new Montana businesses.

Job Training Subsidies

AccelerateMT:

Custom innovative workforce training and upskilling program which aligns the goals of the business in partnership with leaders in academics, business and government.

Trade Education Employer Tax Credit:

Creates a flexible non-refundable employer tax credit for employer-paid trades education up to \$2,000/per employee with a \$25,000 cap per employer.

Montana Apprenticeship Tax Credit:

Provides a state tax credit to launch a new or expand a current training program. May provide up to \$1,500 for each new apprentice with special consideration given for veterans.

Tax Credits

Infrastructure User Fee Credit:

For eligible businesses paying a local government infrastructure user fee. The total credit may not exceed the amount of the loan and the credit may be carried back three years then carried forward seven.

Qualified Endowment Credit:

Credit available for people and businesses making charitable donations to a qualified endowment. Credit up to \$10,000 and is non-refundable.

Fee Waivers & Other Benefits

2024 Annual Report Filing Fees:

Per the Montana Secretary of State Christi Jacobsen, 2024 Annual Report filing fees will be waived for all Montana businesses.

Montana LLC Operating Agreement Flexibility:

Flexible Profit Distribution meaning the Operating Agreement can deviate from a straight allocation in accordance with ownership percentages providing greater LLC flexibility.