

RED LODGE

Montana Tourism Development Grant Program Guidelines

Commerce Destination MT Division

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COMMERCE

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I. Introduction

The 2023 Montana Legislature authorized the Montana Tourism Development Grant Program. An allocation of the 4% Lodging Facility Use Tax, commonly known as the bed tax, funds the Montana Tourism Development Grant Program. The Montana Department of Commerce has established the use of the 4% Lodging Facility Use Tax to invest in the MTDGP.

The purpose of the MTDGP is to strengthen communities across Montana by increasing their economic appeal and vibrancy as welcoming visitor destinations. The MTDGP accomplishes this by supporting rural and under-visited communities through improvements to tourism infrastructure, tourism product development and preservation of natural and cultural heritage. Developing tourism in a sustainable and manageable manner boosts Montana's rural and under-visited communities by diversifying local economies, fostering community pride and creating tourism destinations that represent the qualities that make rural communities special. Commerce's Destination MT Division administers the reimbursement-based MTDGP in accordance with these guidelines.

The Program:

(i) Strengthens rural and under-visited communities through infrastructure, accommodations and amenities improvements.

(ii) Improves visitation assets, product development, attractions, wayfinding, access and transportation.

II. Definitions

Commerce has adopted the following definitions:

Advisory Committee: The primary purpose of the Committee is to provide expertise, diverse viewpoints and informed advice to the grantee and aid in strategic planning,

community engagement, fundraising and/or problem-solving as identified and requested by the grantee.

Cohort: A group of MTDGP grantees during the same funding cycle.

Community: A specific geo-location or a group of communities within a destination that has prioritized tourism as an economic development strategy and is interested in working collaboratively. A group of communities can be based on various factors including geographic location, shared values, cultural identity and/or common visitation asset development.

Community commitment: The active involvement and engagement of local residents in the planning, development and management of tourism activities within their area.

Community readiness: A community's overall preparedness to engage in and benefit from tourism development by encompassing factors like community knowledge and awareness, community attitudes and perceptions, community resources and participation, community leadership and governance and infrastructure and services.

Destination: A popular geo-location that attracts visitors from more than 50 miles for tourism-related activities.

Grantee: The applicant who applies for and is awarded a Montana Tourism Development Grant from Commerce. The lead entity will become the grantee.

Invoice: A proof of transaction, bill or bill of costs from an entity that includes the invoice number(s), a brief description of goods delivered and/or services performed, service rate, date(s) service was performed, type(s)/number of delivered goods and total amount being billed.

Lead entity: Refers to the eligible organization or agency that will take primary responsibility and fiscal obligations for the project(s) and/or initiatives approved within the contract and will become the grantee for the MTDGP. This entity, if awarded, will become the grantee and enter into a contract with Commerce. The lead entity is responsible for ensuring the successful management of approved activities and adherence to established goals and contractual and Program requirements. This entity will receive all funding for the Program.

Nonprofit convention and visitor bureau: Also referred to as a destination marketing/management organization, refers to a nonprofit corporation organized under Montana law and recognized by a majority of the governing body in the city, consolidated city-county, resort area or resort area district in which the bureau is located, and which is recognized by the Tourism Advisory Council.

Over-visited: The 4% Lodging Facility Use Tax dataset determines if a place is over- or under-visited, based on a three-year average of a CVB's bed tax collection. If a CVB's bed tax collection is above the simple average of all CVBs' bed tax collections, then it is over-visited. This designation will be analyzed every year, and the Layered Map of Urban and Oversivisited Designations will be updated accordingly.

Rural: Rural is defined as "not urban." See below.

Tourism: Refers to the activity of people traveling to and staying in places at least 50 miles from their usual environment for leisure, recreation, business or other purposes.

Urban: Urban places are defined as either: (1) a census urban area with a population at or exceeding 30,000 people according to the most recent United States Census; or (2) an incorporated city/town within 10 miles of one of those large urban areas. Geo-locations in Montana that currently meet the first definition include Billings, Bozeman,

Butte, Great Falls, Helena, Kalispell, Missoula and Whitefish. Geo-locations in Montana that currently meet the second definition include Belgrade, Columbia Falls, East Helena, Laurel and Walkerville. This designation will be analyzed every year, and the Layered Map of Urban and Overvisited Designations will be updated accordingly.

Under-visited: The 4% Lodging Facility Use Tax dataset determines if a place is over- or under-visited, based on a three-year average of a CVB's bed tax collection. If a CVB's bed tax collection is below the simple average of all CVBs' bed tax collections, then it is under-visited. This designation will be analyzed every year, and the Layered Map of Urban and Overvisited Designations will be updated accordingly.

Visitation asset: Refers to any feature of a destination that either attracts leisure visitation or supports a leisure visitor's ability to travel to, stay at or engage with a travel behavior at the destination.

III. Eligible Applicants

Only the following are eligible to apply to be the lead entity for the MTDGP:

- An economic development organization
- Local governments, including city governments, county governments and consolidated governments
- Tribal governments
- A nonprofit organization in good standing with the Montana Secretary of State's Office, if required by Montana law

IV. Eligible Program Locations

In accordance with the intent of the Program, proposed projects must clearly demonstrate a benefit to a community within the following designated locations:

- One rural community
- Multiple rural communities partnering together
- One under-visited community
- Multiple under-visited communities partnering together
- A rural community(s) partnering with an under-visited community(s)
- A rural and/or under-visited community that partners with an urban and/or over-visited community

While a rural and/or under-visited community(s) can partner with an urban and/or over-visited community, this partnership must clearly demonstrate the impact to the rural/under-visited community(s) and ensure that the rural/under-visited community(s) is the primary focus and benefactor for the Program.

If you have additional questions involving eligibility, please contact Destination MT Division staff at Commerce directly.

V. Ineligible Applicants

- A for-profit business
- An individual
- A lead entity not located in Montana

VI. Ineligible Program Locations

- An urban community
- Multiple urban communities partnering together
- An over-visited community
- Multiple over-visited communities partnering together

- An urban community(s) partnering with an over-visited community(s)

If you have additional questions involving ineligible program locations, please contact Destination MT Division staff at Commerce directly.

VII. Program Criteria

The Program criteria for MTDGP outline the essential milestones and community engagement that should be accomplished to obtain community commitment. Community commitment can then be clearly demonstrated by completion of the readiness tasks. These milestones and tasks should be completed prior to and in preparation for submitting an MTDGP application.

1. Community commitment: Ensures that tourism benefits the community; respects the local heritage, culture and environment; and helps foster positive relationships between visitors and residents.

   By applying for the TDGP, applicants have engaged with the community(s) identified in the submission and have ensured community commitment by accomplishing the following:

   a. An interested community(s) has identified what makes their community(s) unique, creating memorable visitor experiences, and have identified goals that will have positive impacts across other local industries, contributing to long-term growth and resilience.
   b. An interested community(s) must be prepared to make a significant and long-term commitment to the Program and maintain active participation supported by a community-wide focus on tourism as a shared objective; and
   c. An interested community(s) must have public support and participation.

2. Community readiness: Reflects how prepared a community is to adopt tourism as a development strategy and economic catalyst, considering the possible advantages and obstacles that could emerge.

   By applying for the MTDGP, applicants are prepared to demonstrate having the following:

   a. A cohesive plan for a project(s) that align with the intent of the Program
   b. A five-year vision and plan
   c. A diverse advisory committee comprised of a minimum of five members from various industries and sectors within the local community(s)
   d. A realistic and community(s)-specific plan for community engagement and education and public involvement
   e. Letter(s) of support from local city, town and/or county government, a tourism partner and a partner organization, community leader, elected official, key personnel and/or additional funder. One letter must be from the jurisdiction where the project(s) will take place.

VIII. Eligible Uses of Funds

MTDGP funding is distributed on a reimbursement basis only. Based on availability of funds, Commerce may award eligible applicants up to $2.75 million to support approved goals in eligible Program locations. Match is not a requirement of the Program, but the ability to demonstrate committed match may improve application scoring.

Program funding is allocated on an annual basis:

- Grantee may receive up to $250,000 in year one.
- Grantee may receive up to $1 million in year two.
- Grantee may receive up to $750,000 in year three.
- Grantee may receive up to $500,000 in year four.
- Grantee may receive up to $250,000 in year five.

An initial two-year contract will be executed, with the possibility of a three-year extension contingent upon satisfactory performance and demonstrated progress. Applicants may not request less than the full amount of funding available.
The contract containing a detailed scope of work and budget must be approved by Commerce prior to any Program disbursements.

Eligible uses of MTDGP funds may generally include:

- Major infrastructure upgrades and construction that leads to an enhanced visitor experience
- Development of new visitation assets
- Expansion of existing visitation assets
- Approved, Program-specific travel in accordance with state travel and per diem rates at the time travel occurred for grantee and/or grantee representative(s)
- Contracted professional services
- Program- and/or project-specific planning, engineering and/or architectural plans
- Commerce's required yard signs and window clings
- Up to 15% of the total funds awarded over the five-year grant lifecycle may be budgeted for administration and project management.

IX. Ineligible Uses of Funds

Expenses that are not eligible to be supported with MTDGP grant funds include but are not limited to:

- Costs related to refinancing, servicing or interest on any existing debt
- Any costs incurred prior to the date identified in the award letter
- Any ongoing or monthly general operating expenses, including insurance
- Purchase of real estate property

- Costs not directly attributed to MTDGP activity, including but not limited to staff time or contracted professional services
- Membership costs
- Domain registration and website hosting
- Maintenance costs associated with Program specific projects, including wages, insurance, equipment maintenance and supplies
- Any uses prohibited by the contract signed by the grantee and Commerce
- Any uses prohibited by these Guidelines or other Commerce directives
- Any uses prohibited by Montana or federal law
- Any project(s), tasks and/or work not approved in the contracted scope of work and budget

X. Application Process

To apply for the MTDGP, interested and eligible applicants must complete and submit to Commerce the application located on the Montana Grants and Loans Portal at: montana.servicenowservices.com/mtgl.

Additionally, Commerce will have a downloadable version of the MTDGP application, required scope of work template, required budget template, required advisory committee members form, frequently asked questions and scoring criteria available on the MTDGP webpage at: commerce.mt.gov/business/programs-and-services/tourism-marketing/tourism-grant-program/montana-tourism-development-grant-program.

Commerce recommends that interested applicants download the application, scope of work template, budget template and advisory committee members form and complete all documents prior to submitting the official application in the Montana Grants and Loans Portal.

Interested parties can also email tourismgrants@mt.gov or call the Tourism Grant Program at 406-841-2796 to ask any questions they may have about the MTDGP.

XI. Application Review and Scoring Criteria

1. All applications received through the Montana Grants and Loans Portal are initially reviewed by Destination MT Division staff for completeness. Complete applications by eligible applicants are then reviewed and evaluated by the review committee.

2. The review committee applies the scoring criteria identified in Attachment A available at: commerce.mt.gov/business/programs-and-services/tourism-marketing/tourism-grant-program/montana-tourism-development-grant-program.

3. During the review, Destination MT Division staff may contact an applicant to request additional information or documentation. Staff may take additional information into account based upon Commerce or another agency's knowledge regarding a proposed project or community(s) in the scoring of the application.

XII. Award Process and Grant Administration

1. After the successful completion of the review process, Destination MT Division staff will notify all applicants of their funding status.

2. Commerce will issue an official announcement of MTDGP grant awardees. Awardees will hold their announcements until after Commerce has made its official announcement.

3. Successful applicants will be assigned a Destination MT Division liaison. The liaison will facilitate contracting, monitoring, request for reimbursement and reporting requirements.

4. Successful applicants then enter a contract between Commerce and the grantee. The grant contract must be signed by an authorized agent of the lead entity organization prior to disbursement of any grant award.

5. During the contracting process, the awardee will be required to have two people attend an Onboarding Workshop held by the Destination MT Division. The workshop will review:
    a. Startup conditions prior to the contract
    b. Submitting required forms and templates to Commerce
    c. The request for reimbursement process
    d. Reporting requirements
    e. Navigating changes to the approved scope of work and/or budget

6. Grantees must notify Destination MT Division staff in writing if issues occur in relation to the Program, including:
    a. Performing the duties required of the MTDGP
    b. Proposed changes to the contractually approved scope of work and/or budget
    c. Changes to the grantee's primary or secondary contact information or legal signatory

7. The Commerce logo will be provided to each grantee and should be displayed on applicable sponsor banner(s), signage, social media, printed materials or Program-related websites. The grantee must recognize Commerce in any announcements regarding the Program. Additional Commerce branding resources can be located at: commerce.mt.gov/public-participation/commerce-brand.