



## BUSINESS INCENTIVES SUMMARY

### MONTANA DEPARTMENT OF COMMERCE

#### FEE WAIVERS AND OTHER BENEFITS

**Annual Report Filing Fees:** These fees are waived for all Montana businesses.

**Montana LLC Operating Agreement Flexibility:**

Montana's flexible profit distribution allows the operating agreement to deviate from a straight allocation in accordance with ownership percentages providing greater LLC flexibility.

#### FINANCING AND GRANTS

**Commercial Property Assessed Clean Energy:**

Intended for commercial properties, C-PACE can finance energy efficiency and renewable energy improvements for new construction or retrofitting on existing structures.

**International Expansion:** Financial assistance is available to help businesses achieve or expand out-of-state or international sales.

**Growth Through Agriculture Program:** Designed to promote ag diversification, this grant and loan program can be used for equipment, construction and promotion.

**Industrial Development Bonds:** This qualified private activity bond program helps finance the construction, expansion or renovation of privately-owned manufacturing and processing facilities with tax-exempt advantages.

**Montana Board of Investments:** Partnering with banks and economic development organizations, MBOI offers loan programs that provide access to lower, fixed-rate financing. Job creation projects can further reduce interest rates.

**Montana Growth Fund:** This loan program offers a competitive interest rate and a forgivable loan benefit to eligible businesses, including existing businesses and those seeking to expand into Montana.

**Montana State Small Business Credit Initiative:** This loan participation program, delivered through economic development organizations, helps new and existing Montana businesses.

**Transfer Matching Funds Program:** SBIR/ STTR offers up to \$60,000 matching grant funds for eligible companies working on a project for a federal agency.



## TAX ABATEMENTS

**Data Centers:** This incentive is intended to attract data center investment by extending eligibility timelines, broadening ownership criteria and establishing a 10 year reduced property tax rate under Class 17.

**Manufacturing Machinery, Fixtures and Equipment:** This tax abatement offers a special property tax abatement of up to 100% of taxable value for eligible property.

**Property Tax Abatement:** This tax reduction 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.

**Single Sales Factor Apportionment Formula:** This is a state corporate tax method that determines a multistate business's taxable income based solely on the percentage of its total sales made within that state. The method ignores property and payroll, aiming to incentivize in-state job creation and investment.

## TAX CREDITS

**AccelerateMT:** This workforce training and upskilling program offers employer partnership, skills training and apprenticeships for workers as well as business entrepreneurship for startups.

**Employer Job Growth Incentive Tax Credit:** This non-refundable tax credit offsets FICA contributions for up to seven years for businesses in ag, construction, forestry, manufacturing, mining, outdoor recreation, transportation or the utilities sector. It requires net employee growth with qualifying wages rising annually.

**Infrastructure User Fee Credit:** This is available to businesses created or expanded as the result of an

MBOI loan to enhance economic development and create jobs.

**Montana Apprenticeship Tax Credit:** This state tax credit helps launch or expand training programs. It provides up to \$1,500 for each new apprentice; special consideration is given for veterans.

**Trade Education Employer Tax Credit:** This is a flexible, non-refundable employer tax credit for employer-paid trades education of up to \$2,000 per employee capped at \$25,000 per employer.

## TAX EXEMPTIONS

**Business Equipment Exemption:** Businesses receive an automatic \$1 million tax exemption on taxable equipment, which reduces property tax liabilities.

**Entrepreneur Magnet Act:** Qualifying businesses are exempt from paying state capital gains tax on the sale of employee-owned stock.

**Montana Ammunition Act:** State tax exemptions are provided for ammunition component manufacturers covering property, income and business taxable activities.

**No Gross Receipts Tax:** According to the Tax Foundation, this tax is "often considered one of the most economically damaging taxes." Because it applies to gross sales without deductions, it is assessed at every stage of production, leading to tax pyramiding.

**No State Inventory Tax:** This is beneficial for manufacturers and retailers with larger inventories.

**No State Sales Tax:** This is important for capital-intensive projects with many inputs. The exemption includes electricity and natural gas purchases.

**Research and Development Exemption:** An R&D firm domiciled in Montana for the first time is not subject to state corporate income tax on net income during its first five taxable years of activity here.