



# FINANCIAL PROGRAMS EXECUTIVE SUMMARY

## THE LAST BEST PLACE FOR BUSINESS

### TAX EXEMPTIONS

**Business Equipment Exemption:** Businesses receive an automatic \$1 million tax exemption, reducing their property tax liabilities.

**No State Sales Tax:** This may be particularly useful for capital-intensive projects. The exemption includes electricity and natural gas purchases.

**No Estate and Inheritance Tax:** This tax exemption is popular for legacy planning.

**No Gross Receipts Tax:** According to the [Tax Foundation](#), this tax is “often considered one of the most economically damaging taxes.”

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

**Entrepreneur Magnet Act:** Exempts qualifying businesses from paying state capital gains tax on the sales of employee-owned stock.

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

### 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; the credit may be carried back three years, then carried forward seven.

**Qualified Endowment Credit:** A non-refundable credit of up to \$10,000 is available to people/businesses making charitable donations to a qualified endowment.

### TAX ABATEMENTS

**Single Sales Factor Apportionment Formula:** This becomes effective January 1, 2025.

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

**Property Tax Abatement:** This 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.

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## FEE WAIVERS & OTHER BENEFITS

**2024 Annual Report Filing Fees:** 2024 annual report filing fees are 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.

## JOB TRAINING SUBSIDIES

**AccelerateMT:** An innovative workforce training/upskilling program which aligns a company's goals in partnership with leaders in academics, business and government.

**Trade Education Employer Tax Credit:** This creates 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.

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

## JOB CREATION TAX CREDITS

**Employer Job Growth Incentive Tax Credit:** This non-refundable tax credit offsets the employer FICA contribution and may be claimed for up to seven years.

## FINANCING & GRANTS

**Montana Growth Fund:** Offering a competitive interest rate, this new loan participation program has a forgivable loan benefit to eligible businesses, including existing businesses and those seeking to expand here.

**Big Sky Film Grant:** This grant opportunity is for companies targeting the business-to-consumer market and developing eligible productions in Montana.

**Commercial Property Assessed Clean Energy (C-PACE):** Intended for commercial properties, C-PACE can finance energy efficiency and renewable energy improvements.

**Community Development Block Grant (CDBG):** The CDBG program makes fixed-rate financing available at low interest rates. It also offers payment deferrals, lower first-year payments, and interest-only payments.

**Export Montana, Trade Show Assistance:** Up to \$3,000 is available to help businesses achieve out-of-state or international expansion by exhibiting at trade shows.

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

**Indian Country Programs:** Several resources are available, including the Indian Equity Fund Small Business Grant and the Tribal Business Planning Grant.

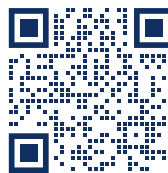
**Microbusiness Financing Program:** This program is designed for businesses with fewer than 10 full-time employees and less than \$1 million in revenue who seek up to \$100,000 in financing.

**Industrial Development Bonds:** This qualified private activity bond helps 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 economic development organizations, the Board offers 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 Small Business Innovation Research or Small Business Technology Transfer Matching Funds Program (SBIR/STTR):** For eligible companies working on a project for a federal agency, SBIR/STTR offers up to \$60,000 matching grant funds in two phases.

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



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