

# MAIN STREET MONTANA PROJECT

## A BUSINESS PLAN *For Montana by Montanans*

### FINANCIAL SERVICES KEY INDUSTRY NETWORK

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#### *DRAFT FINAL RECOMMENDATIONS TO GOVERNOR BULLOCK*

##### Problem Statement 1

The KIN discussed ways to attract, retain and grow business in the state identifying key issues to address such as improving collaboration among communities and reducing competition while working to achieve more integration of all partners including EDO's, rural groups, multi-state entities and tribes. The KIN also feels strongly that the state needs to recognize and address the increasing problem that predatory on-line lending represents to Montana businesses.

##### KIN Recommendation #1

The Governor should spearhead changes – working with partners - to statutes, rules and programs to improve the climate for the financial sector including:

- Protections against commercial predatory lending
- Eliminate barriers that hamper investment
- Mechanism that incentivize investing (tax credit, state \$ match for investment, fund-the-fund, seed capital)
- Aspects of a state bank model that MT could benefit from

##### Problem Statement 2

The KIN feels it is critical for the state to take a leadership role in promoting and cultivating innovation in the financial sector to boost economic growth and create wealth in Montana:

##### KIN Recommendation #2

The Governor's office should lead conversations and events to spur innovation in the financial arena: Possible topics

- Legislative summit cosponsored by Legislative Services Division (LSD) and GOED
- Benefits of championing MT lenders
- Reviewing the effectiveness of agency support to the sector
  - Partners: Legislators, Agencies, Local government, education as appropriate.
  - Possibly regular meetups, forum

##### Problem Statement 3

Improving the entrepreneurial ecosystem in the state was identified by the Financial Services KIN as critical to the growth and success of the financial sector and is a key issue that cuts across multiple sectors. The KIN discussed considerably the issue of access to venture and angel funding noting that Montana is way behind other states in this regard. The JJ Adams report was considered by the KIN as well as input from experts such as Liz Marchi ([Frontier Angel Fund](#)) and John O'Donnell (AGC Capital) with the conclusion that Montana is grossly undercapitalized compared to other states. While over the last 3 years much better collaboration has been taking

place among Montana venture funds (which is improving the situation) much effort is still needed to create the robust deal flow that is necessary to attract more capital needed to improve the entrepreneurial ecosystem in the state.

#### KIN Recommendation #3

Convene Public-Private regular interaction with the venture community to build entrepreneurship and investment opportunities/eco-system

- Support entrepreneurial growth: sustainability, particularly rural
- Programs that reach MT youth
  - Look to Idaho, MT Women's Foundation, Powerhouse, as models

#### Problem Statement 4

The KIN identified business succession planning as a key issue especially in rural communities. Many small rural communities are losing commercial viability due to changing economics in part driven by competition from on-line businesses. Changing demographics are a contributing factor as well as baby boomers are retiring and with that many viable businesses are closing and liquidating having a profound negative impact on communities.

The KIN discussed several ways to approach succession planning including expanding apprenticeship opportunities and business sales knowledge, reviewing best practices employed in other states (2004 North Dakota study is an example), conducting SBDC sponsored training events, assisting communities to inventory and understand the needs of their businesses, identifying and addressing financial regulatory barriers to succession planning and targeting local revolving loan funds (RLF) for succession planning especially in Indian country.

#### KIN Recommendation #4

Enhance succession planning efforts including roadshows, events, classes, and promote the role of government as providing money and information on population trends to inform choices

#### Problem Statement 5

Adequate access to broadband is important to the financial services sector. Deficiencies in broadband exist in Montana, especially in rural areas and this hampers business development the effects of which ripple through the economy. These broadband deficiencies emanate from a fundamental lack of a good understanding of internet availability due to inadequate mapping of broadband infrastructure hampers business development and that adversely impacts the financial sector's business. The Financial Services KIN is tracking the work of the Telecommunications KIN and is following closely the following broadband issues:

- Broadband Mapping—DOA is taking the lead on developing an updated map of broadband assets and capacity based on this recommendation.
- Broadband Pilot Project Funding—The recommendation for a \$25 million state matching fund for broadband was not taken up this legislative session. Last session \$15 million was proposed but that bill failed. This session a \$2 million fund to help schools improve their connectivity looks like it will pass.
- Remove Barriers to Deployment: MDT is reviewing their process for accessing state highway rights-of-way. Other agencies are also reviewing their processes as they relate to broadband deployment.

- Creation of a Broadband Advisory Task Force: While no task force has been established the Governor's Office continues to refine this proposal and may establish a task force soon.

KIN Recommendation #5

Work with Telecommunications and other KINs on broadband enhancements

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