

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

SMALL BUSINESS AND DOWNTOWN KEY INDUSTRY NETWORK

FINAL RECOMMENDATIONS TO GOVERNOR BULLOCK

PROBLEM STATEMENT 1

The new Small Business Portal launched by the Governor's Office is a big step toward improving a more "customer friendly" way for new businesses to register their businesses, find the needed permits and licenses, and to conduct transactions with the State of Montana. There is a need to continue to enhance and promote the Business Portal to make it even more effective.

Small businesses overwhelmingly dominate the private sector landscape of Montana's economy. Much of Montana's economic vitality can be tied to those small businesses. Entrepreneurs that have made the "leap" to starting and growing a small business are investing significant amounts of energy, time, and money to this effort. These investments should be recognized for the value they have to Montana's economy. Those who are not engaged in starting and operating a small business often underestimate the value of recognition of efforts of small business owners and the overall positive impact that small businesses have in Montana.

While a great deal of value has been added to the process of starting a business by the new Small Business Portal, new enhancements should be made in an effort of continuous improvement to include increased recognition of small businesses by Montana's Chief Executive Officer, the Governor.

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

KIN RECOMMENDATION 1

Enhance the Business Portal by adding resources for small Businesses including:

- Prepare and send a welcome packet to newly registered businesses
- Send a congratulatory letter from Governor on 5, 10, 25 & 50 yr business anniversaries
- Continue other enhancements to the business portal such as a directory of financing and grant programs, business organizations, and statewide business networks
- Highlight a small business success story every month on the portal
- Promote the benefits of shopping locally year around. (Small Business Saturday etc.)
- Utilize Public Service Announcements and other media to tell the success stories of small business owners from across Montana, and publicize the portal
- Collaborate with rural Montana towns in marketing their community business needs (see Rec #2)

ECONOMIC DEVELOPMENT BENEFIT of RECOMMENDATION 1

The contribution of small businesses to Montana's economy is immeasurable, constituting the most significant sector of private employers in the state. By recognizing the investment of time, energy, and money to starting and growing a business by the State of Montana, a new, "customer friendly" relationship between state government and small businesses will be fostered, thereby encouraging other entrepreneurs to establish and grow small businesses. This will serve to create more new jobs in Montana and contribute to the overall economic health of the state.

about 200

By providing better information to small businesses about funding resources and other services available to them, they will more readily access these resources to grow their businesses, thus creating more jobs and contributions to the economy.

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

By highlighting small businesses, Montana will highlight the diversity of successful small businesses in the state, thus creating a more friendly face to state government as it relates to small businesses.

PROBLEM STATEMENT #2

Across the state of Montana there are hundreds of rural towns that have small business needs. Professionals such as dentists, nurses, veterinarians, accountants, as well as services based businesses; plumbers, and electricians are in demand. There are also plenty of historic buildings and empty downtown buildings for sale or rent in these towns, where these businesses could be housed. Additionally there are young adults that grow up in these towns and leave for jobs in bigger cities, and often out of the state.

There is no platform on which these needs can be communicated to the potential business owners that may be looking to relocate or start a new business.

KIN RECOMMENDATION 2

Take part in developing a collaborative program that helps Montana towns market their community business needs.

- Communicate with the Chambers of Commerce, economic development organizations, private sector organizations, and university alumni programs to create a program that first determines the needs of these rural towns, and then creates a platform to connect the communities and the potential new business owners
- Support these towns in their marketing efforts for their entire community
- Monthly portal profile of a Montana town with specific business needs and available downtown buildings (especially Historic buildings)*
- Publicize the historic building tax credit when promoting these buildings (see Rec #3)
- Advertise the portal to these new potential business owners

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

ECONOMIC DEVELOPMENT BENEFIT OF RECOMMENDATION #2

Marketing these towns will encourage young professionals to move in, start businesses, or buy existing businesses, employ more people and improve the local economy. They will also fill vacant buildings in downtowns and hopefully improve and renovate historic buildings. Additionally it will also increase the attendance in small town schools, and increase the pride and vibrancy in these communities.

PROBLEM STATEMENT 3

Downtowns are often overlooked as a location for small businesses simply because it is more difficult than developing with a “green field” location. This numerous challenges to developing in an existing downtown area, by comparison with developing raw land is a serious disincentive for businesses, thereby contributing to the deterioration of downtown areas and making them less competitive.

Many communities do not make the necessary investments in infrastructure and beautification in their downtown areas to make them attractive as a business location.

Montana’s myriad of alcohol and liquor licensing rules and regulations are often confusing and punitive to businesses. There is a need to review these rules and regulations and to recommend changes to make them more consistent across the industry and to reduce the complications associated within this sector of our economy.

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

Montana's rules often extend well beyond the original intent to protect the health and safety of the public. For example hazardous materials inspections are required for renovations in a building even if the original construction had been completed since the hazardous materials were no longer allowed. The effect of this example is that thousands of dollars are being expended on even a small project for an inspection of projects where no hazardous materials exist. The extension of otherwise necessary rules often has the effect of unintended consequences that cost significant cost and delays to small businesses.

Additional incentives are needed by the State of Montana to invest in downtown areas such as the federal historic tax credits.

There is no private sector entity tasked with reviewing rules, regulations, and incentives to provide a bi-partisan voice in making recommendations for changes that could have a significant benefit to small businesses in removing barriers or encouraging new investment in our downtowns.

KIN RECOMMENDATION 3

Create a bipartisan taskforce to examine incentives and tax barriers to small business including:

- A tax credit for investing in historic downtown (20% of qualified rehab expenses)
- Incentive to grow the types of small businesses (and combinations) that make downtowns thrive, including infrastructure and beautification.
- Redesign the alcohol licensing system to promote parity across industries.
- Change DEQ hazardous materials inspection requirements to only apply to buildings older than 1990 or an effective date when such identified hazardous materials were no longer used
- Direct the Montana Board of Housing to set aside 10% of annual low-income housing tax credit (LIHTC) funding to historic downtown residential projects.

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

ECONOMIC DEVELOPMENT BENEFIT of RECOMMENDATION 3

By creating a bipartisan task force that can identify barriers to small businesses and to recommend increased incentives that can be offered to small businesses, new jobs can be created as these businesses are more successful in becoming established, growing, and contributing to the overall economy of the state.

Continuous identification and mitigation or elimination of barriers to small businesses and finding more effective ways to incentivize investments by small businesses will contribute to the overall “business friendliness” of the state and will create a more economically vibrant economy.

PROBLEM STATEMENT 4

There does not exist in Montana, a statewide small business symposium that provides a focus for that sector of our economy and that is primarily created for the purpose of providing information and networking opportunities to support small businesses. While these do exist for other sectors of Montana’s economy, small businesses are often overlooked despite the need for better information, mentorship and networking.

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

KIN RECOMMENDATION 4

NOTE: this is only recommended if there are enough resources and staff to plan an event that has serious value to the participants, especially high level CEO's.

Hold an annual small business symposium that includes:

- Networking time
- Create an alliance for an on-going support organization after the conference
- Discussion forum – alliance members
- Sessions for businesses in all phases of life cycle
- Dynamic job fair
- Training opportunities for employees, managers (that include CTE options for some)
- Symposium needs to be state-private partnership so its sustainable; grassroots

ECONOMIC DEVELOPMENT BENEFIT of RECOMMENDATION 4

- A symposium will offer the premise that Montana cares about its small businesses and supports their creation and growth
- It will provide information to small businesses on a myriad of subjects including business financing, employee recruitment, training for owners and managers, and provide networking opportunities for businesses across Montana
- Providing information pertinent to small business owners will enhance the overall viability of each business, thus contributing to the overall growth of Montana's economy as small businesses thrive.

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

PROBLEM STATEMENT 5

Lack of Affordable Employee Health Insurance for Small Employers

Small businesses struggle to remain viable due to their inability to provide adequate, affordable health insurance for employees. Those businesses that do have group health insurance plan have continuously had to increase deductibles in their plans to reduce premium costs to fit within the parameters of affordability. The result, over time, is increased premium rates and reduced coverage. Other larger employers such as State Government, with large group plans, are able to secure more affordable options with better coverage.

KIN RECOMMENDATION 5

NOTE: This is a challenging topic that we recognize has no easy answer.

Research options for pooling small business health care. Work with Montana Retail Association and others for more affordable health care with better benefits.

ECONOMIC DEVELOPMENT BENEFIT of RECOMMENDATION 5

The benefits of finding solutions to addressing the need for more affordable employee health insurance for small businesses is as follows:

- Increase the overall economic viability of small businesses in Montana
- Contribute to the creation and retention of jobs in small business for Montanans.
- Provide more universal health coverage for Montanans to include employees of small businesses
- As small businesses remain more economically viable, it will contribute to the overall health of our Downtowns across the state where many of these businesses are located