

JOINT HOUSE-SENATE APPROPRIATIONS SUBCOMMITTEE ON NATURAL
RESOURCES AND BUSINESS REGULATION - MINUTES
February 15, 1983

The meeting was called to order by CHAIRMAN MANUEL at 8:15 a.m.
in Room 132 of the Capitol Building, Helena, Montana

ROLL CALL: MANUEL, HEMSTAD, STOBIE, BOYLAN, LANE, SMITH -
Present
None - Absent
Staff Present: DICK GILBERT, LFA; CAROLYN DOERING,
OBPP; and PATTI SCOTT, SECRETARY

DEPARTMENT OF COMMERCE (Tape #55 Side B-001)

HOUSING DIVISION

GARY BUCHANAN, Director of the Department of Commerce began with an overview of the Housing Division, referring to EXHIBIT A from February 14, 1983. The Montana Board of Housing was created in 1975 to assist private enterprise in providing home ownership and production of decent, safe and sanitary rental housing for low income families and for the elderly who could not afford housing at prevailing market interest rates. The financing programs are exclusively supported from the sale of tax-exempt bonds issued periodically by the Board of Housing. The tax-exempt status allows the agency to pass along the savings to lower income persons and families in the form of low-interest home mortgages and subsidized rents.

MR. BUCHANAN stated that the Governor's Council on Management has recommended merging the Section 8 Housing (in the Division of Economic and Community Development) with the Board of Housing. MR. BUCHANAN has done this by creating the Housing Division. MR. LYLE OLSON, who is Administrator for the Board of Housing, will be the Administrator for the whole Division.

The Board of Housing has over \$300 million in assets, over 6,000 mortgages. Last week the Board loaned money at 9 3/4%, one of the cheapest in the nation.

MR. LYLE OLSON stated he must work with the Board, the Department, the Legislature, the bond holders, and the rating agencies. Mr. Olson stated that he is asking for the same FTE level as last year. Two positions have been left vacant due to the fact the Board did not need help during the "transition period" between the time the Mortgage Subsidy Bond Tax Act forced State Housing Agencies to modify existing programs to comply,

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and when the Board got rolling with a new single family program issue of bonds that qualified as tax exempt under the new law. The other reason he did not fill the positions was that the prolonged period of high interest rates made bond sales unrealistic for the Board and for the People of Montana that the Board is to serve.

Two people have been in reserve for four years. They have work coming up and will need the positions. MR. OLSON stated he does not believe in filling positions because he will lose them. The need must be there.

MR. OLSON stated the Board of Housing has approved the budget.

MR. OLSON stated he has not had an upgrade in his agency in four years. He wants to hire a Grade 9 and a Grade 10.

MR. OLSON stated the attorney fees were high. They had about 35 foreclosures last year. They must pay the attorney fees and back taxes, then FHA pays them back.

MODIFICATION (Tape #55 Side A-090)

The modification is for \$24,000 FY84 and \$23,000 FY85. This is for one additional FTE and the operating expenses for this position and the other vacant position.

SENATOR SMITH complimented MR. OLSON for his management. He felt that not using the FTEs since there was no need is very good management. MR. OLSON said in running this \$30 million business, he is very proud of the staff he has. They are real professionals.

SECTION 8 HOUSING BUREAU

MR. BUCHANAN stated he agreed with the Council on Management to move this section into the Housing Division with the Board of Housing. He also sees the Federal Housing Program going to a Block Grant Effort.

NANCY LIEFER, Chief of the Development Bureau, Division of Economic and Community Development, had the Section 8 Housing previously in her Bureau. She explained that the Section 8 programs are 100% Federally financed, State administered, activities which subsidize rents for eligible lower income families or individuals. Currently over 12,000 Montana families

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have pre-applied for Section 8 assistance and approximately 2,100 families are being subsidized. The State is now authorized to assist 1,503 families with an average subsidy of \$150 per family monthly.

In this existing program, a family who qualifies, can take the subsidy wherever they go.

In the Section 8 Moderate Rehabilitation Program, the State is authorized to assist 600 families with an average subsidy of \$230 per family monthly. The subsidy is attached to a unit. It utilizes sub-standard units which are privately renovated to program standards. These units have a built-in subsidy of 15 year duration.

ECONOMIC AND COMMUNITY DEVELOPMENT DIVISION (Tape #55 Side B-239)

GARY BUCHANAN explained that the Division is a conglomerate of sections from around State government. Its main focus is to provide assistance to business. It is a pro-business attitude aimed at helping business, and not just regulating. Many of the Governor's Council on Management recommendations which are included in the Governor's "Build Montana" Program cannot be implemented without this Division.

SENATOR BOYLAN asked how much Labor interests were involved in the whole "Build Montana" process. He feels that Labor must be involved, or the State will go no place in its economic development plans. GARY BUCHANAN stated the three heads of Labor were involved in the "Build Montana" Program. Jim Murray, AFL-CIO and Tom Schneider, Montana Public Employees, were both involved. Buchanan has been trying to get labor and management together.

MR. BUCHANAN stated that Labor's role will include working with the labor force in retraining efforts. For instance, the copper industry will not be active for many years to come. This work-force could be retrained to work on highways.

SENATOR SMITH stated there is an attitude problem with Labor as a whole. If these workers are retrained, they had better change their attitude. MR. MURRAY has negotiated the Butte workers right out of work.

MR. BUCHANAN stated they are trying to improve Montana's business climate ratings. Montana has moved from 33 to 25 on a national level, as far as a favorable business climate, so there are strides being made.

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SENATOR SMITH worried about this rating going the other way, with the economic condition and the closure of Anaconda Copper. MR. BUCHANAN stated the Governor's Budget is trying to head that off. MR. BUCHANAN stated he testified on the Business Inventory Tax that some people are trying to resurrect. The Governor feels it is an easy way out, and will not solve the local government problems. It will also hurt Montana's business climate rating.

BUSES

SENATOR SMITH brought up a problem with the buses from out of state who are bringing in charters and were being unfairly fined. JOHN WILSON, Chief of Travel Promotion, stated there was a problem in that these buses needed three licenses. MR. WILSON resolved the problem by getting the PSC to change their regulations and allow a 30-day permit for these buses who did not have ICC registration. The next time they came to Montana, and did not have the proper registration, they are fined. The American Bus Association said that Montana went from \$58 million in bus business to \$65 million, so there has been an improvement.

PROONENTS FOR THE DEPARTMENT'S EFFORTS (Tape #55 Side B-637)

GEORGE ALLEN, Montana Retail Association. MR. ALLEN feels there is a true effort on the behalf of the Department of Commerce to help businesses. Most retail businesses are small businesses, and are benefiting from these efforts. He feels the Department is going in the right direction. MIKE FITZGERALD, Montana Trade Commission. MR. FITZGERALD feels the Department is providing extra-ordinary leadership in a non-partisan way. He said all the business community feels the same way.

FORREST BOLES, President, Montana Chamber of Commerce. MR. BOLES provided written testimony in EXHIBIT B. His testimony is directed primarily at the Tourism budget.

(Tape #57 Side A-001)

ROGER YOUNG, Great Falls Chamber of Commerce. MR. YOUNG stated that jobs and economic development are the number one issue. Great Falls depends a great deal on tourism. There is a dispute over the actual economic impact on the State of tourism. It does rate number three on the State's economic base, and is very important. He asked for support of Commerce and their efforts.

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TRAVEL PROMOTION (Tape #57 Side A-116)

GARY BUCHANAN stated that Tourism has an absolute potential for growth. With the Olympics coming to Calgary, now is the time to lay the groundwork. The Montana Centennial in 1989 is also coming.

Tourism in Montana is "Small Business." It creates 20,000 jobs in terms of the travel area. It is up to \$1 billion in terms of economic affect.

The tourist dollar is spent: 35% in transportation; 32% in food and restaurant; 22% in lodging, and 11% in other retailing areas. The ripple affect of the tourist dollar is very significant.

MR. BUCHANAN stated that last session allowed the Department to raise and spend private dollars. House Bill 1 allows for \$700,000 in private contributions over the next biennium. He stated that this Committee is dealing with the Executive, current level budget. The "Build Montana" budget would go to the Select Committee. In 1981, \$93,000 in private money was donated, and \$150,000 in 1982.

JOHN WILSON stated they have done economic impact studies of tourism. In 1982, \$1 billion were spent in Montana. This supports 20,000 jobs. For example, four hotels alone in Montana employ 550 people.

This industry is growing by 4% a year. Tourism ranks third in Montana as far as an industry, but 46th in the nation on what they spend. MR. WILSON stated the question is asked "Can Montana really be devoted to economic development, when it spends so little in travel promotion?"

MR. WILSON feels it is an appropriate role for the State to promote itself outside the State. It is up to the private communities and businesses to promote themselves inside the State, once the tourist gets there.

The Travel Promotion will be asking for an increase in the budget in the "Build Montana" Program, which will go before the Select Committee on Economic Development. This Committee will be considering current level.

(Tape #56 Side A-260)

MR. WILSON explained that Travel Promotion is divided into three distinct functions:

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1. Consumer Travel Promotion
2. Group Travel Promotion
3. Motion Picture and Television Location Promotion

CONSUMER TRAVEL PROMOTION

MR. WILSON stated that based upon a five-year marketing plan, Montana is promoted to a targeted consumer population through a coordinated advertising, travel literature publishing, publicity and exhibiting program. Using cooperative private sector funds (\$93,000 - 1981), magazine, radio, newspaper and outdoor advertising extol the benefits of a Montana vacation (both winter and summer), and invite the consumer to write or call toll free for a vacation planning packet.

MR. WILSON exhibited for the Committee a "Vacation and Information Guide," "Accommodation Guide," "Highway Map," "Alpine and Nordic Ski Guide," "Ski Montana," and "Montana Snowmobile Guide."

MR. WILSON also had many exhibits for the Committee on publicity plans, copies of magazines, and samples of T.V. spots, and travel films.

MR. WILSON sited several programs for Travel Promotion, such as "Invite a Friend" and "Ski Montana."

MR. WILSON said for every \$1 spent on Travel Promotion, it has returned \$104 in revenues.

Emphasis is being given to group travel tours on buses. With 40 people on a bus, each spends about \$50 a day for food and lodging. Each bus load is about \$2,000 a day spent in Montana.

MR. WILSON displayed one publication in which the Bureau sold advertising. They raised \$20,000. The brochure cost \$22,000. The money they saved on this could be better spent on more promotional material.

(Tape #56 Side B-001)
PROPOSER TO COMMERCE BUDGET

BOB CRANE, Bozeman Chamber of Commerce. MR. CRANE stated the tourism provides about a 20% base to the Bozeman area. It is very round. They also have agriculture and MSU, but value tourism greatly because it promotes businesses already existing, rather than bringing in new industry. He stated the private sector cannot do it all themselves, and local levels are trying. He feels the Department has made a tremendous effort to help.

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(Tape #56 Side B-105 through 228) The secretary left the recorder on during coffee break.

FUNDING

GARY BUCHANAN explained that the budget the Department is requesting for Tourism is for \$1.725 million for the biennium. The "Build Montana Budget" is in addition to this current level. It is included in House Bill 1, which was introduced today. House Bill 1 has an additional allocation of \$1.785 million for the biennium.

MR. BUCHANAN stated that in 1972, the budget for Tourism was \$700,000. In FY81, it was also \$700,000. Considering inflation, he feels tourism has lost some ground.

The Legislature did allow spending authority of private donations. \$100,000 in FY81 and \$200,000 in FY82.

House Bill 1 implements Section 4 of Initiative 95, passed this last November, and allocates Coal Tax Interest Dollars to set up an Economic Development Fund. House Bill 1 would add to current level.

MR. BUCHANAN stated that the Travel Promotion Bureau is asking for \$200,000 more above current level in both FY84 and FY85. Last biennium monies came from Coal Tax interest. MR. BUCHANAN expects that the funds for Economic Development will again be Coal Tax Interest.

JOHN WILSON stated that House Bill 1, asks for \$700,000 over the biennium in spending authority for the private sector match.

BUILD MONTANA

MR. BUCHANAN stated the major emphasis of "Build Montana" is to help current businesses survive. They want to help these businesses grow and expand. Other states are spending millions of dollars in trying to attract business from out of state. This is not for tourism, but for business.

MR. BUCHANAN stated that the majority of "Build Montana" and Commerce programs are to help existing businesses grow. However, when businesses do inquire, they should be responded to in a professional, positive way for Montana. Commerce is trying to put Montana in a more positive light through responsiveness, and by trying to entice new business through tax incentives.

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SENATOR LANE asked about people looking for investments. MR. BUCHANAN stated that the Department does put the callers in touch with the appropriate party who can give that kind of information.

MR. BUCHANAN showed the Committee a copy of the "Montana Magazine" which is available for all communities to use. It presents the business aspects of Montana in a positive way, and is loose-leaf so the individual communities may insert their own literature.

TRAVEL PROMOTION - BUILD MONTANA (Tape #56 Side B-611)

JOHN WILSON stated that the Bureau will be asking for one additional FTE for Travel Promotion in the "Build Montana" House Bill 1, for the Business Recruitment Program. The Business Recruitment Program would include representatives from Montana Power, the Montana Bankers Association, the Montana Environmental Information Center, and the State.

PRIVATE DONATIONS TO TRAVEL PROMOTION (Tape #56 Side B-655)

DICK GILBERT asked about the level of effort given to getting private dollars for Travel Promotion. JOHN WILSON stated he spent a lot of his time putting together "package deals." He sited the "Ski Montana" package, in which he had to coordinate with Northwest Airlines and then nine separate ski areas. Another example was the Snow-Mobilers brochure. The State contributed \$4,000 and the Snow-Mobilers Association contributed \$5,000. MR. WILSON stated they are actively soliciting private dollars.

(Tape #57 Side A-001)

PHIL STROP from the Montana Inkeepers Association appeared on behalf of the Travel Promotion efforts. The proposal of "cooperative funding" was new in 1981. He wanted to commend the Department for their efforts. He also endorses the proposal to raise the levels of cooperative advertising. He is also pleased to see the change in emphasis by the Department to focus on a different kind of tourist. Before, the State advertising was focused on tourists who might enjoy the State, but came in with "a camper, a cooler, and a \$20 bill, and left with all three." They brought in very little actual dollars into the State. Now the emphasis is on a stabilized use of facilities all year around. The targeted tourist is now different. MR. STROP supports the efforts, and hopes that the Committee will, too.

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DICK GILBERT asked why the State needed to use "leverage" in terms of dollars to entice dollars from the private sector, such as in Mr. Wilson's example with the Snow-Mobilers Brochure. MR. WILSON stated he tries to get as much for his money as possible. By working with the private sector, he can do so much more in terms of promotion. MR. BUCHANAN stated that it has been his experience, that the more that State is willing to give, the more the private sector is willing to give. MR. WILSON stated that the "Ski Montana" promotion was part the State, part the ski areas, and part Northwest Airlines. For the State's one-third investment, they received a two-thirds return.

SENATOR BOYLAN noted that a return is also felt to the General Fund, in terms of new revenues from liquor taxes, cigarette taxes, etc., that there are many benefits.

GARY BUCHANAN said his goal is to get \$81.23 back for every \$1 spent.

BUSINESS ASSISTANCE (Tape #57 Side A-194)

This Bureau is designed to help businesses and local communities for the retention of current businesses and the development of new businesses. Activities of the Bureau include: providing licensing forms and information at "one stop" when possible; providing technical assistance to firms in arranging details of export transactions; providing technical assistance to small businesses in the way of some analysis to identify problem areas, and upon identifying a problem, referring to professional assistance for help. For new small businesses, they can direct the interested party in such areas as marketing, fiscal packaging, engineering studies, site feasibility studies, and other services essential to start-up.

NANCY LEIFER stated she tries to keep a "core staff" to handle all the generalities. These people then refer inquiries to specialists.

NANCY LEIFER also stated they help Montana businesses to "hook-up" with each other, when they need a particular services that can be provided in-state.

The Bureau is also working on providing more business skills training in such areas as bidding on State contracts, and the use of computers by small business. They hope to establish a clearinghouse for other training opportunities people could refer to.

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MS. LEIFER is trying to streamline the licensing function for businesses. They receive about 120 inquiries a month. They do not issue any kind of license, but would like to be able to provide a "one-stop" license form center, so people would not have to run all over State government. In the future, she also hopes to get all these kinds of licenses renewing at the same time.

The Bureau provides support services to Local Development Organizations, including development training workshops; technical assistance in forming CLDC - Certified Local Development Corporations.

CONTRACTED SERVICES (Tape #57 Side A-528)

\$75,000 of the requested Contracted Services is set aside for purchasing expertise in helping businesses.

GARY BUCHANAN gave an example of a Montana tractor company who is involved in a potentially productive government contract. Commerce is providing direct assistance in the procurement area, and have contracted with a specialist in government procurement for defense. This is done when businesses ask for help.

FUNDING (Tape #57 Side B)

NANCY LEIFER stated the Licensing Assistance is General Fund. The Business Assistance has two employees that were 20% State and 80% Federal, and is also the same money used for technical assistance. The rest of the program is a reallocation of FTEs. One FTE was moved from Housing to the Bureau and has expertise in International Trade.

GARY BUCHANAN is asking the Committee to replace the loss of Federal funds in Business Assistance with General Funds. MR. BUCHANAN wishes to anchor Economic and Community Development Division as much as possible on State-funded resources. He feels this Division is solely involved in economic growth for the State and should be General Funded.

The meeting was adjourned at 11:45 a.m. (Tape #57 Side B-049)



REX MANUEL, Chairman

VISITOR'S REGISTER

HOUSE
BILL Dept of Commerce
SPONSOR

COMMITTEE
DATE 2-15-83

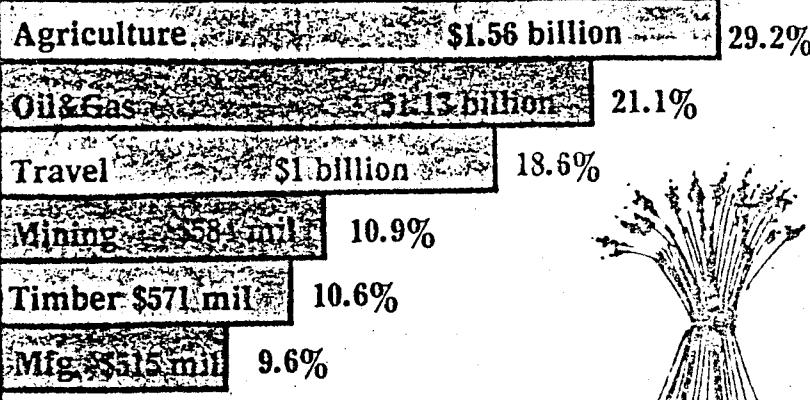
IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

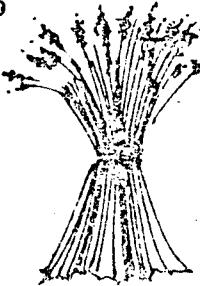
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Agriculture is tops

Agriculture ranks first among Montana's six major industries according to statistics compiled by various state agencies for the year 1981, the most recent on hand. The agricultural statistics are based on cash receipts; oil and gas, on value of production; travel, on value of receipts; mining, on value of production; timber, on value of production; and manufacturing, on value added, with the most recent statistics available from 1977.



Tribune graphic by Thomas Kotynski



Over 20,000 Full Time Equivalent Jobs

RECOMMENDATIONS:

1. Montana Economic Development Council

"Significant expansion of the tourism promotion to a level competitive with the neighboring states...doubling or tripling the budget for 1983 and 1984"

2. Governor's Council on Small Business

...Supports a minimum of \$2 million per year be appropriated for travel and tourism promotion purposes

...proposes that there be a state bed tax for the purpose of funding or assisting in funding the state travel and tourism promotion budget

...supports a state lottery to fund travel and tourism promotion

3. Governor's Tourism Advisory Council

"Recommends \$1.9 million per year for tourism promotion funded by the Economic Development Fund created by Initiative 95"

2-15-87

1981-82 UNITED STATES TRAVEL PROMOTION BUDGETS

RANK	STATE	BUDGET	RANK	STATE	BUDGET
		1981/82			1981/82
1	ALASKA	\$11,435,500	28	MISSOURI	\$1,659,292
2	NEW YORK	10,086,000	29	IDAHO	1,600,000
3	PUERTO RICO	9,482,318	30	ARIZONA	1,557,000
4	FLORIDA	8,237,895	31	WYOMING	1,417,334
5	PENNSYLVANIA	6,500,000	32	MINNESOTA	1,407,854
6	VIRGIN ISLANDS	6,207,081	33	SOUTH DAKOTA	1,368,542
7	MICHIGAN	5,374,900	34	NEW MEXICO	1,338,928
8	WASHINGTON	4,500,000	35	NEW HAMPSHIRE	1,263,000
9	HAWAII	4,497,000	36	NEW JERSEY	1,149,000
10	TEXAS	3,995,262	37	VERMONT	1,092,000
11	NORTH CAROLINA	3,900,000	38	OHIO	1,070,432
12	TENNESSEE	3,886,200	39	NEBRASKA	921,950
13	ILLINOIS	3,679,400	40	OREGON	801,533
14	KENTUCKY	3,623,316	41	MAINE	800,000
15	VIRGINIA	3,357,350	42	COLORADO	749,583
16	SOUTH CAROLINA	3,333,746	43	NORTH DAKOTA	650,000
17	GEORGIA	3,300,776	44	GUAM	632,000
18	OKLAHOMA	3,269,259	45	RHODE ISLAND	625,000
19	LOUISIANA	3,115,225	46	MONTANA	613,545
20	ALABAMA	2,585,420		CALIFORNIA	531,302
21	ARKANSAS	2,203,864	47	DELAWARE	450,701
22	WISCONSIN	2,017,200	48	CONNECTICUT	447,122
23	UTAH	1,923,300	49	INDIANA	376,000
24	MASSACHUSETTS	1,750,000		IOWA	339,142
25	MARYLAND	1,679,668		KANSAS	281,330
25	WEST VIRGINIA	1,674,613		NEVADA	112,405
27	MISSISSIPPI	1,672,673			

1982 CONVERSION STUDY

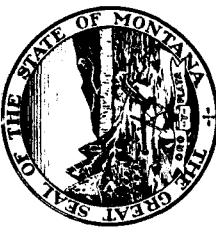
FOR

2-15-83

MONTANA WYOMING CO-OP ADVERTISING

<u>MAGAZINE</u>	<u>INQUIRIES</u>	<u>ARRIVALS</u>	<u>PER PARTY EXPENDITURE</u>	<u>TOTAL REVENUE</u>	<u>AD COST</u>	<u>MT. REVENUE PER ADVERTISING DOLLAR SPENT</u>
Sunset	30,952	11,917	\$377.30	\$4,496,284.10	\$22,040.00	\$204.01
Better Homes & Gardens	16,141	4,562	367.50	1,676,535.00	22,910.00	73.18
Travel Holiday	6,244	1,893	362.60	686,401.80	4,720.00	145.42
Fly Fisherman	829	411	470.40	193,334.40	2,442.00	79.17
Rider	3,018	1,330	294.00	391,020.00	2,172.00	180.03
Woman's Day	<u>1,875</u>	<u>613</u>	<u>367.50</u>	<u>225,277.50</u>	<u>4,653.00</u>	<u>48.42</u>
TOTAL OR AVERAGE	59,059	20,726	\$7,668,852.80	\$58,937.00	\$130.12	

Average Length of Stay = 4.9 days
Average Size of Party = 3.2 people



MONTANA BUSINESS CLIMATE



January 1983

Volume 1, No. 1

News about the State's Economic and Community Development

Newsletter to link state government with communities

Montana Business Climate is the that, like all good communication tools, *Montana Business Climate* will communicate in both directions: from the Division to community and economic leaders and from these leaders back to the Division.

A variety of topics under the general heading of economic development will make up this newsletter.

• technical assistance to small business

• export of Montana-made products

• who's doing what in Montana business and industry

• expansion of existing businesses

• new businesses and business

trends in Montana

• the role of local development corporations

• government contracts for Montana firms

• timber, mineral, and energy resources as well as hard-rock mining and coal information

Community officials will be able to stay abreast of such matters as the Community Block Grant Program. Information will be presented on such topics as:

• technical assistance to communities

• grant dates and deadlines

• revisions in existing block grant programs

• what other communities across the state and nation are doing in the development process — what works and what doesn't

Montana Business Climate is a two-way street. Much of the value of this newsletter will depend on reader response. Readers will be asked from time to time to respond to special features. Their feedback will broaden the Divison's knowledge of economic and community leader thinking on a number of important issues.

Montana Business Climate is all about talking to each other.

It's the hope of the Economic and Community Development Division

Community Affairs



Grants awarded to 13 Montana communities

Last year the Montana Dept. of Commerce elected to take over administration of the Community Development Block Grant Program from the federal Dept. of Housing and Urban Development (HUD). Almost \$6 million was available in FY 82 for Montana's program.

Forty-eight Montana cities, towns, and counties applied for grants this fall in the first Montana competition. Only thirteen projects for public facilities, housing, and economic development were awarded CDBG funds. Why so few? With a maximum of \$100,000 for each grant and only \$3,470,000 available for new grants, dollars were soon spent. Prior multi-year commitments made by HUD were honored, amounting to \$517,000 and distributed to Butte, Iver Bow, Missoula county, Kalispell, Polson, and Shelby.

The five-member ranking committee made up of Dept. of Commerce staff compared applications with criteria set out last spring by the task force of local officials who shaped

the Montana CDBG program. Almost without exception communities had applied for grants to meet real needs in their areas. Project applications that were awarded funds had presented the critical nature of the community's problems and made a compelling case for needing CDBG funds. Some influential factors in applicants' success were:

- good documentation
- enough detail to indicate a project well thought through
- strong evidence of community involvement and commitment

Ranking committee members regretted having to pass over worthy projects when something was missing in the application. Dept. of Commerce staff hope to decrease the likelihood of this happening in the next cycle of grants. They will be offering more technical assistance and, on request, will go over previously unsuccessful applications with the local officials.

Looking ahead, the amount of

funds available for grants in FY 83 will be about the same as it was for FY 82. Applications for the new grant cycle are due by July 1, 1983.

For more information write or call Dave Cole, Dept. of Commerce, Capital Station, Helena, MT 59620, 406/449-3757.



GRANTEES FOR FY 1982 MONTANA CDBG PROGRAM

Grantee	Purpose of Grant	Grant Award
Alberton	housing	\$ 400,000
Big Horn County (Wyola)	water	245,236
Culbertson	water	400,000
Judith Basin County (Geyser)	sewer	161,938
Madison County	solid waste	81,073
Moore	sewer	155,300
Powell County	solid waste	108,900
Roundup	housing	400,000
St. Ignatius	water and sewer	400,000
Sheridan County (Antelope)	economic development	190,020
Sweet Grass County	sewer	334,071
Troy	water	400,000
Winnett		359,270
TOTAL		\$ 3,635,803

* The Fiscal Year 1982 CDBG state allocation is \$3,470,000. The total amount of grants awarded as noted above is \$3,635,803. Funds will be set aside from the FY 1983 allocation sufficient to allow full funding of all selected projects.

SKI MONTANA: Resort operators, airlines, and state cooperate to attract skiers to Montana

The rally cry of SKI MONTANA will not only be heard at Montana's ski resorts this winter, it will also appear nation-wide in newspapers, put to music for radio and television, and included in travel agent publications — all carrying the message that skiing in Montana is "naturally inviting."

SKI MONTANA is a \$100,000 plus advertising program co-ordinated by the Travel Promotion Bureau with matching funds from the Northern Ski Area Operators Association and Northwest Orient Airlines. It's ambitious project considering that two years ago the State of Montana did not have a ski advertising budget. SKI MONTANA is a major commitment by the state and the private sector to build a strong winter image for Montana.

Several conditions warranted a focus on Montana's winter promotion. First, the scheduling of the 1988 Winter Olympics in Calgary, Alberta presents a single opportunity for Montana to share in a worldwide lime-light with a "Countdown to Calgary Plan." Second, Northwest Orient Airlines agreed to establish reduced ski fares to Montana. Third was the pos-

the available budget with a matching fund program. All contributed to the right timing for a SKI MONTANA promotion.

The 1982/83 winter SKI MONTANA promotion is designed to target three different markets with a variety of media.

REGIONAL: For nine weeks people in Spokane, Regina, Lethbridge, and Bismarck will view a 60 second TV spot with a weekly updated snow condition report. The TV spots will be reinforced with a schedule of 30 second radio spots and newspaper ads featuring a "buck off" coupon on lift tickets. Ski areas involved are The Big Mountain, Bridger Bowl, Red Lodge Mountain, Marshall, Snow Bowl, and Showdown.

NATIONWIDE: A specially printed, 12 page, full color SKI MONTANA brochure featuring Northwest's low ski fares and ski packages from seven participating ski areas was advertised in seven major newspapers. These included the *Chicago Tribune*, *Milwaukee Journal* and *Seattle Times*. In addition, ads appeared in *Sunset* and *Passages* magazines and in a winter insert piece in the *Minneapolis Star*.

SKI MONTANA: resort operators, airlines, and state cooperate to attract skiers to Montana

**PLAN A
SKI MONTANA VACATION
WITH JUST TWO CALLS.**

**1. CALL 1-800-548-3390
FOR A FREE
SKI MONTANA BROCHURE.**

Or write Travel Promotion Bureau, Department of Commerce, Helena, MT 59620. And let your imagination fly to the naturally inviting Montana Rockies. Choose from value-packed tours to Montana's most exciting ski areas: Big Sky, Red Lodge Mountain, Bridger Bowl, Marshall, Snow Bowl, Big Mountain and Showdown.

**2. CALL NORTHWEST ORIENT
FOR OUR LOW
SKIIIG SKI FARE.***

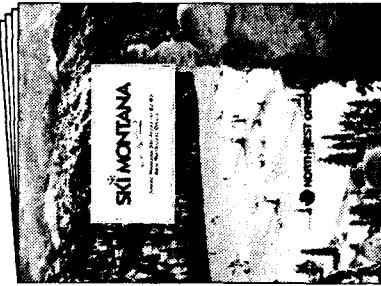
When you book one of our Ski Montana vacations, one low fare takes you round trip from Minneapolis/St. Paul to Billings, Bozeman, Missoula, Great Falls, Helena or Butte. For reservations, call Northwest Orient at 612-726-1234. Fare subject to change. Seven day advance purchase and minimum stay requirements apply. Other conditions may also apply.

NORTHWEST ORIENT

THE WORLD IS GOING OUR WAY.

Promotion 800 telephone number invites skiers to call for a SKI MONTANA brochure.

West and Travel Age Mid-America to specifically reach travel agents. Ski areas taking part in SKI MONTANA are Red Lodge Mountain, Big Sky, Bridger Bowl, Showdown, Marshall, Snow Bowl and The Big Mountain. TRAVEL TRADE: This represents a third and important focus of SKI MONTANA. A SKI MONTANA brochure was inserted in 48,000 Decem-



Magazine ad campaign expands

To attract more motorcoach tours to Montana, the Montana Promotion Bureau launched an aggressive direct marketing campaign last August. Some 50 brokers were targeted in the six major cities of Montana's prime market area: Chicago, Minneapolis, Portland, Salt Lake City, and San Francisco.

The campaign had several phases. Each tour broker was sent a letter from Governor Schwinden telling of Montana's commitment to group tour development. Brokers also received the *Group Tour Planning Guide*, showing Montana attractions and aimed at group tour planners, with a letter of introduction from the Bureau's group tour coordinator, Linda Howard. Howard hit the road in September to meet with each broker. During the meetings, they discussed new Montana tour possibilities, as well as the availability of sales aids. Brokers were told about the Montana advertising, exhibiting, and travel agent publicity to be released in their area as part of the 1982-83 promotional campaign. As a follow-up, slides, photos, films, and brochures were sent to the brokers to help them promote their tours to Montana. Howard met

again with many of them at the National Tour Brokers Association and American Bus Association conventions in November and December to further aid the brokers in developing Montana tours.

Some of the targeted brokers decided to create new Montana tours. Others expanded their existing programs. The brokers' greater awareness of Montana as a profitable place for tours was the greatest benefit of the direct marketing efforts. Brokers now know Montana is serious about developing group tour business.

Bozeman Rodeo wins top recognition

The College National Finals Rodeo, held each June in Bozeman, has been selected by the American Bus Association (ABA) as one of "The Top 100" tourism attractions in North America for 1983, according to State Travel Director John Wilson.

Wilson said the ABA's yearly top 100 events are chosen in part because of their accessibility and appeal to bus charter and tour groups.

Last year, the Whitefish Winter Carnival and the Red Lodge Festival of Nations were selected for the ABA

"A listing in 'The Top 100' means extensive publicity in both the United States and Canada," Wilson said, "and invariably increases attendance."

The 1983 Montana listing shares "The Top 100" with such internation-

ally known attractions as the Tournament of Roses Parade and Mardi Gras, according to Wilson. The yearly list represents the "cream of the crop" in both countries.

"Undoubtedly visitors drawn to Bozeman in 1983 will return."

**BULK RATE
U.S. POSTAGE
PAID**
Helena, Montana
Permit No. 20

Ted Schwinden, Governor
Gary Buchanan, Director
Department of Commerce

Wallace J. Olson, Administrator
Division of Economic
and Community Development

Nancy Letter, Chief
Development Bureau

John Wilson, Chief
Montana Promotions Bureau

Melinda Artz, Editor
Montana Business Climate

750 copies of this publication were produced at a unit cost of \$22, which includes \$89 for printing and \$77 for distribution.

Montana Business Climate

Div. of Economic and Community Development
Dept. of Commerce
1424 Ninth Avenue
Helena, Montana 59620

Industrial Development



Polson inventor-manufacturer granted \$5,000

With a U.S. patent in hand, a distribution system in place, and enthusiastic dealers in five states sending orders, prospects for success looked bright last summer for Polson manufacturer-inventor Loren Collins. Two years of sweat and labor and \$58,000 of his own money had gone into development of the Collins Hopper. The hopper attaches to a wood-burning stove and automatically feeds up to 50 pounds of wooden fuel pellets into the stove. With production financing help from the Polson Economic Development Corporation, Collins was about to "turn the corner" to a positive cash flow.

ough laboratory testing and certification to the standards of the Conference of Building Officials and Underwriters Laboratories. Stymied by the \$5,500 cost for these tests, Collins applied on August 13th for help from the Dept. of Commerce's newly-formed Business Development Assistance Program (BDAP). A month later Collins received \$5,000 from BDAP.

BDAP director Gary Faulkner explained that the problem Collins encountered is typical of the technical assistance needs BDAP was designed to meet. "We have found that small businesses contemplating a new product line or process often need outside expertise to clarify or solve problems associated with expansion. That's where we can help."

Then, as so often happens with many new, small manufacturing ventures, another obstacle arose. In order to market this device, it required thor-

BDAP assists business executives in the areas of management, marketing, product research and development, financial planning and packaging, and engineering.

Any small Montana business may be eligible for the program. Requests are ranked according to a weighting system which favors job creation in the primary sector of manufacturing and processing. Applicants with firm plans for expansion in the near future and a potential for success are more likely to receive help from the program.

Faulkner stressed that the program provides grants for up to \$5,000, requires a 20% match by the applying business, and stipulates that monies can't be used for the purchase of capital equipment. "We explain to many

inquirers that the program can only be used for the purchase of outside expertise to solve a specific problem or meet a particular need that can't be solved or met within the applicant's company."

In addition to the one for the Collins Hopper, grants have been awarded to Big Bud Tractor of Havre, Top Acres of Great Falls, Grizzly Boat of Anaconda, King Tool of Bozeman, Filson Stoves of Belgrade, and Big Sky Trout of Kalispell.

For more information write or call Gary Faulkner, Economic & Community Development Division, Dept. of Commerce, Capitol Station, Helena, MT 59620, 406/449-3923.

Counties assess jail needs

Local officials in Dawson, McCone, Richland, and Wibaux counties and representatives of the 7th Judicial District are analyzing their individual and collective problems in providing adequate and legally acceptable jail space within their four-county area. The officials created a Jail Coordination Team to study a wide range of jail-related issues. The study is expected to result in better planning of future jail facilities, reduced construction and operational maintenance costs, and increased cooperation between

counties to meet their incarceration needs.

The goal of the study is to provide county officials with sound technical data on which to base their decisions regarding current and future jail needs. The study will

- Evaluate present and future jail detention needs, keeping in mind the potential impact of development of energy resources in the area.
- Investigate the regional concept. Could these counties save money

by cooperating on various correctional functions?

- Look closely at financing mechanisms for jail expansion and new construction, focusing both on current "standard" financing methods (e.g., general obligation bonds) and "alternative/innovative" financing methods (e.g., use of non-profit corporation funding, purchase/leaseback, phased construction, packaging of funds).
 - Identify statutory or other restraints to multi-county cooperation.
- The Jail Coordination Team plans to ask the Montana Coal Board to help fund this study. These counties have experienced coal-related pre-development activity and are targeted for massive coal development in the near future.

For more information write or call Robb McCracken, Planner, Montana Department of Commerce, Capitol Station, Helena, MT 59620, 406/449-3757.

agency funding cycles, and ways to package different funding programs to finance single problems At the December meeting, discussion will focus on the logistics of developing such a cooperative venture.

For more information call or write Jack Vaughn, Dept. of Commerce, Capitol Station, Helena, MT 59620, 406/449-3757.

Planners brainstorm water and sewer problems

Planners from four federal and state agencies met November 18th to brainstorm ways to better serve Montana communities plagued with old and inadequate water and sewer systems.

At this first of several planned meetings were representatives of the state departments of Natural Resources and Conservation, Health and Environmental Sciences, and Commerce (Coal Board and Community Development Block Grant Pro-

all require interagency cooperation: • redesign and consolidate application forms to reduce processing time and unnecessary duplication of data

- create a review team with representatives from each major funding agency to technically review all water and sewer applications
- have the review team develop the most appropriate application methods, a timetable of various

Electronics firm opens in Stevensville

Power Integrity Corporation has opened a new electronic manufacturing facility in Stevensville, Pat Rhodes reported in the "Ravalli Republic." The firm is based in Greensboro, NC, and in the Stevensville facility. It is manufacturing customized line conditioners and filters to protect computer, medical, and other delicate electronic equipment from electric power line interference. Custom manufactured products from

PICO are made for such firms as Wang, NCR, and IBM. Presently the firm is making 1,200 power circuit protectors a month on a long-term contract with Wang.

Manufacturing manager for the new operation is SangHo Lee, a graduate Industrial Engineer from Korea. All other employees are from Ravalli County. Lee commented that the firm is well pleased with the number of local applicants who have had past ex-

perience in electronic assembly. As additional personnel are needed, Lee said, the firm will work closely with Tony Tognetti, Stevensville High School Superintendent, to develop adult education programs to teach electronic assembly. According to Lee, the firm at present has a staff of eight and is expanding slowly. "Production," said Lee, "is a team effort, and while our staff is experienced, each team must be organized for best

efficiency." The employees are trained to do everything, says Dave Egan, a member of the PICO assembly team.

Lee says that with supportive sales the plant can provide employment for up to 60 people. He says they have not only found experienced electronic assemblers, but also a number of electronic technicians in the Bitterroot Valley who have welcomed the opportunity to use their skills here.

Defense contracts to aid Polson economy

first article" Andersen said. "When production begins we will be required to ship up to 4,800 filters per month. That time table extends the contract into 1985 and if the options are exercised the project will provide full time employment well into 1988."

Gov. Ted Schwindingen, when informed of the contract award, stated "Big Sky Fabricators' receipt of these Dept. of Defense contracts is an example of the kind of aggressive initiative needed to build Montana. The new jobs and added payroll provided by these contracts will give a needed boost to the Flathead economy. This

Nearly \$3 million in defense contracts have been awarded to Big Sky Fabricators Inc. of Polson for the manufacture of chemical agent filters used in army tanks and armored personnel carriers, according to the "Daily Inter Lake."

If production options are exercised by the government, the contracts will exceed \$6.8 million. Dean Knutson, president and owner of Big Sky Fabricators, Inc., said the defense project is currently underway and production should begin in June 1983.

Andersen said. "Our best estima-

Gene Marcille, director of the Polson Community Development Agency, said the employment opportunities, as a result of the contracts, will have a long overdue positive effect on the entire Flathead Valley.

"With options exercised," Marcille stated, "over \$1 million in production and management wages will go into circulation in the Polson area. With those dollars turning over about seven times we have a potential of putting over \$7 million into an economy that has long suffered from the depressed lumber and housing industry. We are certain the effects of

ness Administration Man of the Year in 1980, added that "with this new management team in place, we will be developing an ongoing capability that will allow Big Sky Fabricators, Inc. to competitively bid on other government projects. It is our anticipation that the filters are just the beginning."

Big Sky Fabricators, Inc., a metal forming company established in 1980, will expand its 8,000 square-foot facility into another 10,000 square-foot building in the Polson Industrial Park. The Park also houses the Polson Stove Shop, Inc., manufac-

tests at this time call for the hiring of 25 or more production people."

"The process allows nine months of set-up time for production of the

This shows what can happen when the private sector works hand in hand with local development organizations."

One of Montana's largest factories

When A & S Tribal Industries in Poplar began operations in 1975, few people gave it much of a chance for survival, Jay Ulku reported in the "Hi-Line Express."

Today, A & S is not only surviving, it's in the process of expanding into one of the largest, if not the largest, industrial factories in Montana.

A & S, a wholly owned corporation of the Fort Peck Assiniboin and Sioux Tribes, manufactured camouflage netting when it started production in 1975. As a spin-off from the military camouflage, the company has developed a commercial lightweight camouflage screen for hunters and wildlife photography.

Now the company is in the process of constructing a \$1.6 million 39,500 square foot addition to its facilities, which already consist of 53,500 square feet. General contractor for the construction project Corscadden Construction of Glasgow.

The addition, scheduled to be completed by June, will house equipment

for a new venture the company is entering. It will be producing medical chests and food chests for the Dept. of Defense.

The manufacturing process involves stamping, forming and deep drawing of aluminum sheets.

The new addition will include a modern machine shop, chemical cleaning and painting line, heat treating and annealing processes and 25 mechanical and hydraulic presses ranging in size from 10-ton to 900-ton capacity. When completed, the facilities, plant and equipment, and special tooling will have a replacement value of \$7.2 million.

Norman Hollow, chairman of the Fort Peck Tribal Executive Board, is understandably proud when he talks about A & S Tribal Industries.

"This project has meant a great deal to me and to the Indian people," he said. "I've always thought the tribes were far-sighted in bringing industry such as this to the reservation, especially from the standpoint of in-

creasing cutbacks in federal programs.

"When we first started out, I didn't get much encouragement," Hollow said. "People said an Indian tribe wouldn't have much of a chance of getting a contract of this proportion on a reservation.

"I'm very proud. We're fortunate we have dedicated individuals that spend a lot of time here and work well with the Indian people."

Since beginning operations, employment has averaged 115 people at A & S. With the introduction of the new venture and commercial camouflaging, employment has increased to 195.

The work force is 80 per cent American Indian, consisting of seven department managers, 41 non-production and 147 production workers. Production is now operating on a full day shift and a partial second shift. Maximum employment will average about 350 people.

Corporation, which manufactures brakeshoes and other metal products, and Endless Energy, producer of farm size fuel alcohol system.

Knutson, Montana's Small Business

Corporation is searching for other opportunities to manufacture leisure products to complement the hunter screen. Its objective is to make A & S Industries a significant producer of leisure type products.

In A & S Industries' first year of operation, 1975, sales were \$1.8 million. Sales for 1981 topped \$5.2 million. Annual sales are expected to increase to \$14 million by 1986.

So we're not talking about a small operation here. In fact, we're talking about one of the biggest operations in Montana, one that survives on its own merits.

"This is industry; we're in the mainstream of society," Plant Manager Sid Morris said. "There does seem to be a stigma that since it is Indian-owned, it's a subsidized business. This is no BIA giveaway. This is a viable manufacturing company. We have to compete for government contracts, we have to meet production schedules, or we do not exist."



Travel & Tourism

Bus travel brings \$65 million

Bureau has begun to aggressively pursue motorcoach business. With the publication of a group tour planning guide aimed directly at the motorcoach industry, newly acquired membership in the American Bus Association (ABA) and the state's recent participation in the annual ABA and National Tour Association conventions, the agency hopes to attract more bus travel to the state.

The contribution of the bus industry to Montana was up from \$58 million in 1980, according to Wilson. "Ever since the energy shortages of 1973 and 1974, motorcoach travel has become an increasingly attractive way to travel," Wilson said. "Because motorcoach tours are pre-planned and packaged, they are comparatively affordable and worry-free."

Wilson said that within the past year the Montana Travel Promotion effect just last month.

Wilson said it is especially important that Montana become visible in the motorcoach industry right now because bus deregulation went into effect just last month.

"Up until now, only tour brokers could be licensed to operate tours and charters," Wilson said. "With deregulation, anyone who owns a bus can get into the business. The industry is changing, and it's important that we stay on top of it."

"With estimated total expenditures of \$8.9 billion nationally in 1981, Montana could be getting a bigger share of the pie," Wilson added. He said nearby states like Washington, Oregon and Colorado enjoy revenues in excess of \$100 million.

Wilson said it is especially important that Montana become visible in the motorcoach industry right now because bus deregulation went into effect just last month.



Travel Holiday, Woman's Day, Rider (motorcycle touring), and Fly Fisher-man. Costs were shared by Montana and Wyoming together with the Yellowstone Park Division of TWA Services and Grand Teton Lodge Corp. Each potential traveler who responded was sent a comprehensive travel planning packet.

In 1983 the Montana-Wyoming campaign will be expanded to reach more than 10 million closely targeted readers. Regional editions of *National Geographic* and *Family Circle* magazines will be added to the campaign while *Fly Fisherman* and *Woman's Day* magazines will be dropped. Wilson estimates that the upcoming campaign, to begin in March, will generate at least 80,000 inquiries. "Since the campaign worked well last year, we have adjusted and expanded it for this year."

(More travel and tourism news on page 8.)

Bozeman plant hopes to increase jobs under consolidation

A consolidation at the Summit Plant of the Danetics Division in Bozeman could result in higher employment levels by January with the rehiring of workers who have had their hours reduced or who have been laid-off, says the "Bozeman Daily Chronicle."

Plant manager, Joey Deeg said the consolidation will involve moving manufacturing and engineering aspects of the Omicron Plant of Novi, Mich., and the Posidata Plant of Rockingham, England.

The transfer is to begin immediately.

The two plants now make numerous controls for the "original equipment market" for such machines as lathes and mills.

Deeg said that a portion of the 67 employees that were laid off earlier this year may be brought back the first of the year.

"It is good news," Deeg said. "It's not a quantum jump but it's a start."

"Our first priority will be to bring back those who have been temporarily laid off and the reduced layoffs to a full 40 hour work week," he said, adding that more than 225 people may be working at the plant by the end of 1983.

"It depends upon a turnaround of the economy, but we expect to see an increase of sales in the middle of 1983," he said. He cautioned other people not to expect jobs immediately, but added that the company is always receptive to employment applications.

"The Summit plant is still in a profitable position while most of our competitors are losing money," Deeg said, "We are maintaining a profit on a continuing basis."

Hydroelectric systems manufactured in White Sulphur Springs

With the steadily increasing cost of energy of all kinds, old ways to become self-sufficient and to lessen the burden of high energy costs are being rediscovered. One such item is small hydroelectric systems being manufactured and tested by Appropriate Technologies, Inc. of Idaho Falls, Idaho, reports "Meagher County News."

and produce 15 kilovolts. Larger and smaller models are available from ATI, which custom manufactures units to the customer's needs and the site available.

Using available stream flow, water is piped into the hydroelectric generating unit where it flows through a reduction nozzle to create a jet of water which is directed against a pelton wheel. The pelton wheel spins at high speed, turning a generator which produces electricity. Controls on the generator allow the operator to tune it to produce the type of electrical energy needed.

casting that costs \$1,000 to produce. The same sized wheel can be used to produce up to 40 kilovolts.

The smaller sized generator costs about \$400 per kilovolt generated. The hydroelectric generators can go up to about 300 kilovolts, which sell for about \$40,000, or \$400 per kilovolt.

A feasibility study is being done to see if a unit could be placed in the White Sulphur Springs water supply main to generate electricity for sale to Montana Power. The generator could



Profile: Gary Faulkner

Gary Faulkner first came to Montana in 1971 to work for the Avco Corp. as production manager of three government contracts. Then as now, Montana was not a highly industrialized state. His ambition then and after his return in 1979, was to provide more employment opportunities for people who wish to make Montana their home.

Faulkner is realizing his ambition as Business Assistance Officer for the Montana Dept. of Commerce. He helps Montana's small business and industry any way he can. And he knows many ways.

In his work he helps with management programs, analyzes and disseminates industrial location information, and keeps abreast of the state, federal, and private economic assistance available to Montana businesses. One of his more productive skills is linking local governments and development corporations with

Service scheduled a pre-award survey at the Polson plant to see if it could do the work. Faulkner helped BSF get ready for the DCAS survey team. BSF passed muster and was awarded a contract this fall for nearly \$3 million to manufacture chemical agent filters used in army tanks and armored personnel carriers. If production options are exercised by the government, the contracts could exceed \$6.8 million. (See related story.) Governor Ted Schwinden, stated "Big Sky Fabricating's receipt of these Dept. of Defense contracts is an example of the kind of aggressive initiative needed to build Montana. . . This shows what can happen when the private sector works hand in hand with local development organizations."

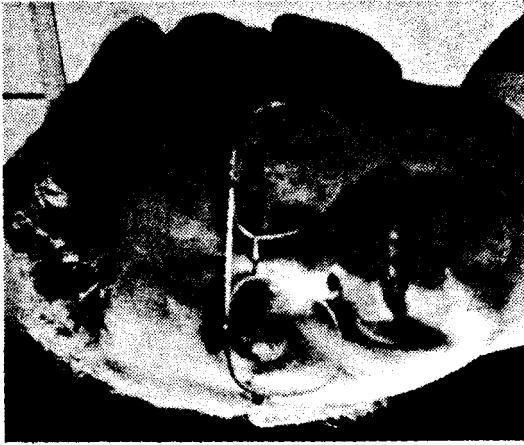
Larry Green of Prairie Products Inc. of Gildford has good tales to tell too. Working out of his small shop-garage, Green has invented a small, vertical, home shop sander. He's now looking

actively seek reliable small and minority businesses to fulfill their contractual obligations for government work.

According to Faulkner, defense contracting for small and minority businesses should be expanding in relation to defense budgets. He says "We do have very good capabilities in Montana for metal fabrication and electronics. Montana should have a good chance to get its share."

Tele-tech Corp. of Bozeman is part of that expansion. Eighty percent of their business is government and military contracts. Tele-tech's Chuck Curtis conservatively estimates they will add ten employees and gross \$850,000 in 1983. Tele-tech is working with Faulkner to set up a quality control manual to manufacture signal processing components for the U.S. Dept. of Defense.

The paperwork for government



Business Assistance Officer of the Division of Economic and Community Affairs.

Faulkner's 21 years of training in private industry suits him ideally for his work with the Div. of Economic and Community Development. He's worked in all phases of manufacturing, from the production line to

actively create new jobs. Local development corporations and local officials have often been the key to successfully locating new industries in Montana and, says Faulkner, LDGs and local officials make the job a lot easier. One recent effort may soon result in more than 25 new employees for Big Sky Fabricating of Poison.

Big Sky Fabricating had applied for a government defense contract. The Defense Contract Administration

or Penneys, to routinely stock the tool. This phase of marketing requires limited production of the sander. The plastic injection-molded parts for the sander were coming from Ohio until Faulkner connected Green with some Montana manufacturers.

A & S Products, of Polson has also worked with Faulkner. As a result, A & S is now on the qualified bidders list for a major defense contractor, Thiokol Corp. of Utah. Faulkner says larger corporations like Thiokol must

sizeable and complex, but once the quality control manual's system is established, "You just follow the manual," says Faulkner. Joyfully he adds, "I wish I had the government paper contract!"

Not all inquiries to Faulkner end in success. Out of some 250 inquiries from outside Montana in the first six months of 1982, one factory was successfully located in Missoula. Big Sky Baking will employ 35-40 people in its first year. It has potential for hiring 250-300 people.

s worked in large corporations and small factories. Before moving to Montana in 1979, he owned and operated a small agricultural retail business. In particular, Faulkner's experience with metals fabrication has helped Montana manufacturers with production processes and linked them with in-state suppliers.

When Montana entrepreneurs look for business assistance, they often find it with the help of their staff of the Div. of Economic and Community Development, Dept. of Commerce.

Business Licensing Center serves new Montana businesses

Streamline! That's been the word around the Business Licensing Center at the Dept. of Commerce since it was created by House Bill 578 in 1981.

The Center began by assembling a stock of application forms and other useful information materials as a convenient service for prospective owners of small businesses in Montana. During 1982 alone, the Licensing Center received over 1200 inquiries and sent out nearly 600 sets of application materials. The Center's staff directs many calls to other agencies and tells inquirers when licenses aren't needed.

The "Licensing Center Handbook" is used in offices around the state which frequently work with people

planning new business ventures. These offices include local Chambers of Commerce, the State Chamber of Commerce, all county treasurers, all city finance offices, most banks and several CPA firms who have requested them. The handbook lists all departments in state government (except those legislatively exempt) and the business licenses they issue plus

- all types of business activity currently operating in Montana and the licenses each requires.

Individual listings include the name of the licensing agency, the phone number of the contact person, the cost of the license and ARM rules or statutes governing such licenses.

Over the past several months the Center has worked with an independent analyst to study current licensing requirements for new business ventures and the procedures state agencies follow to issue their licenses. This study includes the results of several meetings of a committee made up of a representative from each agency that takes part in the Center's activities.

The study has produced a report that makes several suggestions for overall streamlining of licensing procedures. Major features of the proposal include a master application form for all licenses for use with the Store License, a master license to replace the Store License, and a uni-

form renewal date for all licenses required to operate a single business. Further study of the actual logistics of the proposal is needed considering the personnel and budgetary implications and the policy and statutory changes the proposal would require.

It's generally felt that everyone concerned will profit by moving into this streamlining procedure very gradually. Taking time now to work the bugs out is preferred to a quick shift to a new system that might create an administrative monster.

For more information call or write John Maloney, Business Licensing Center, Dept. of Commerce, Helena, Montana 59620, (406) 449-5167.

International Opportunities



SBA launches new export loan program

The Small Business Administration (SBA) has launched a national export revolving line of credit loan program that is designed to help more small firms market their products and services abroad, writes Richard Barwick in "Business America." Under the new program, SBA will guarantee up to 90 percent of a loan extended to a small company by a bank or other lending institution.

The new SBA program is available to manufacturers, wholesalers and export management companies that have been in business for at least one year. It provides a maximum guarantee for any one business of \$500,000 on a revolving loan or on several loans. The maximum length of a revolving loan is 18 months.

The new facility supports loans for two clusters of activity. It provides pre-export financing for the purchase of supplies, inventories, materials

authorized by SBA. Lenders are permitted to charge a commitment fee equal to one-fourth of one percent of the loan, or a \$200 minimum. This fee cannot be charged until SBA has approved the lender's request for the guarantee.

The guarantee fee for loans with a maturity of one year or less has been set at one-quarter of one percent of the guaranteed portion of the loan. The bank may require the borrower to reimburse it for this fee after SBA approves the loan. The guarantee fee for loans of over one year will be one percent of the guaranteed portion, and the bank may require the borrower to reimburse it.

The new SBA facility is available to three kinds of small companies, for each of which eligibility standards have been established determining acceptable size. For manufacturing firms, for example, the maximum number of employees may range

one or more sales contracts during the period. On the other hand, multiple lines may be made available with applications filed for each line, provided that the amount of all loans outstanding and committed at any one time does not exceed SBA's statutory lending limit.

Applicants have to prepare a current financial statement (balance sheet) listing all assets and liabilities and have an earnings (profit and loss) statement for the current period to the date of the balance sheet. In addition, applications must list collateral to be offered as security for the loan, with an estimate of the present market value of each item.

Applicants are required to prepare a monthly cash flow schedule for 12 months or the duration of the loan. The cash flow has to clearly identify the amount requested and the projected amount outstanding under

BUSINESS ASSISTANCE IN THE PACIFIC RIM: A valuable service for the business executive who is considering a business in Pacific Rim is now offered jointly by the American Chamber of Commerce and the American Consulate General in Hong Kong. The new Business Briefing Program is a chance for the executive to meet privately with Hong Kong based business people who will give a thorough briefing on the exec's area of interest and on general business conditions. The American Chamber's address is 1030 Swire House, Hong Kong.

DISPOSAL AND RECOVERY FROM STANDARD AND RADIAL TIRES: A Japanese firm desires a licensing business arrangement with an American firm for a system which disposes of and recovers materials from standard and radial tires. Write to International Department; Foundation of Osaka Science and Technology Center; 1-8-4, Utsobo Hommachi; Nishi-ku, Osaka; Japan. In any correspondence refer to #K02-34 (17-17), June edition of the *Technical Exchange Bulletin*.

IMPORTED COSTUME JEWELRY: A Korean manufacturer and exporter of costume jewelry seeks importers for its products. Write to Michael Lim; World Jewelry Trading Inc.; C.P.O. Box 7283; Seoul; Korea.

IMPORT PRODUCTS: A Pakistani trading house seeks importers for the following products: textiles, garments, spices, dried fruits, sporting goods, henna powder, rice, fresh and dry dates, leather garments, can-

and working capital needed for manufacturing or wholesaling products for sale abroad. The program can be used for shipping and receivables collection overseas. Program funds can also be used for activities to develop and enter foreign markets. These include such activities as using professional marketing advice and services, foreign business travel, and participation in trade shows and other promotional events in overseas markets. Funds may not be used to repay existing obligations or purchase fixed assets.

The maximum rate of interest charged by participating banks for the new credit facility is the SBA published rate for its guarantee loan programs. This rate is established periodically. At this time it is set at 2 1/4 percent above the prime rate. A fee for extraordinary servicing of up to 2 percent may be charged by the lender if the loan, with advances made against

from \$3016-\$300, depending on the industry in which the applicant is primarily engaged. In the case of wholesaling, yearly sales must not be over \$9.5-\$22 million, depending on the industry involved.

For service companies, on the other hand, the applicable standard is that average annual receipts over the past three years must not exceed \$2 million.

Companies interested in applying for credits under the new facility are advised to contact their nearest Small Business Administration office for further information and advice. Two basic ways are being established for submitting export revolving line of credit applications. An application may be submitted for a single line of credit to cover all of a borrower's anticipated needs during the period of the loan, with advances made against

each line of credit at the end of each month. This cash flow schedule has to be updated during the effective period of the line of credit, to show significant changes as they become known.

Eligible companies are advised to take this financial information to their banks and ask for a direct bank loan for export-related purposes. SBA cautions that sometimes the smaller bank branches are not fully aware of all international trade financial instruments, and applicants may be referred therefore to their international division at their main branch. If the bank is interested in an SBA-guaranteed loan, exporters are advised to ask the banker to contact SBA for discussion of the application. In most cases of guaranteed loans, SBA will deal directly with the bank rather than the borrower.

Vas and Tadevia, 47 — 13th Street; Defence Housing Society Phase V; Karachi, Pakistan.

METAL-FACED PLYWOOD, EXTERIOR GRADE PLYWOOD, DOOR BLANKS: A United Kingdom manufacturer, importer, and wholesaler of metal-faced plywood, exterior grade plywood, and door blanks seeks a joint venture or licensing agreement with U.S. firms producing these items. Write to Albert Slesinger, Managing Director, British Plywood Manufacturers Ltd.; Wharf Road, Ponders End; Enfield, Middlesex EN3 4TS; England.

TIMBER PRODUCTS, DOORS, KITCHEN/BATHROOM ACCESSORIES: A United Kingdom distributor and wholesaler of timber products, doors, and kitchen/bathroom accessories is interested in a joint venture with U.S. firms manufacturing these products. Write to Roger M. Powell, General Manager — Joinery, Fourways Home & Leisure Ltd.; 1-5 Market Square, Eagle & Child Court, Leighton Buzzard, Bedfordshire LU7 7EV; England.

WOOD AND WOOD FLOORING PRODUCTS: A Greek firm seeks vendors of wood and wood flooring products of all qualities. Write to Michael Yeleynides; Mitropoleos Street 63 C; Athens 116; Greece.

SPECIAL EXPORT ASSISTANCE: Inter-Continental Business Associates, Inc. (ICOBA) has received a grant from the U.S. Dept. of Commerce to help small and medium size companies develop export sales. ICOBA will assist firms with market research and analysis, sales and marketing, company training in order entry and shipping operations, training of corporate accounting staff, and foreign sales and promotional activities. Write or call ICOBA, Inc., 8201 West 14th Ave., P.O. Box 15187, Lakewood, CO 80215, 303/233-8022.

For more information on these and other international opportunities, write or call Jerry Tavegia, Dept. of Commerce, Capitol Station, Helena, MT 59620, 406/449-3767.

Trade Missions and Shows

BRAZIL, CHILE, AND PERU — The U.S. Mining and Extraction Machinery and Equipment Trade Mission to Brazil, Chile, and Peru will take place March 20-April 1, 1983.

For more information on these trade shows call or write Len Heimowitz, Project Manager, Office of Capital Goods Industries, Room 212B, U.S. Dept. of Commerce; Washington, DC 20230, 202/377-0558.

Recent International Trade Administration Publications

Reprinted from Business America, 23 August 1982

Overseas Business Reports (OBR). These reports provide basic background data for businesspeople who are evaluating various export markets or considering the possibility of entering new areas. The OBR series discusses pertinent marketing factors in individual countries, and present economic/commercial profiles of countries and regions.

Marketing in Pakistan 82-01
 Marketing in Ecuador 82-02
 Marketing in Cyprus 82-03
 Marketing in Netherlands 82-04
 Marketing in Columbia 82-05
 Marketing in Bahrain 82-06
 Marketing in Algeria 82-07
 Marketing in Austria 82-08
 Marketing in Kenya 82-09
 Marketing in Gabon 82-10
 Selling to Argentine State-Owned Companies 82-11

Annual Subscription: \$100.
Order from: International Trade Administration, Trade Opportunities Program, U.S. Department of Commerce, Washington, D.C. 20230, or your nearest Commerce Department District Office.

Foreign Economic Trends and Their Implications for the United States (FET). This series of country-by-country reports, prepared by U.S. Embassies and Consulates abroad, gives in-depth reviews of current and near-term prospects and the latest available data on gross national product, foreign trade, wage and price indexes, unemployment rates, and construction starts.

Individual copies vary in price.
Order from: Publications Sales Branch, Room 1617, U.S. Department of Commerce, Washington, D.C. 20230. Current year's reports are available from: Superintendent of Documents, U.S. Government Printing Office, Washington

Japan	82-31	Individual copies \$150.
Ecuador	82-32	
Greece	82-33	Order from: Publications Sales Branch, Room 1617, U.S. Department of Commerce, Washington, D.C. 20230. Current year's reports are available from: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.
Brazil	82-34	
Iceland	82-35	
Belgium	82-36	
Singapore	82-37	
Czechoslovakia	82-38	
Malaysia	82-39	
Guinea	82-40	
Zimbabwe	82-41	International Economic Indicators
Cameroon	82-42	Quarterly reports providing basic data (for years and quarters) on the economies of the United States and seven principal industrial countries.
Burma	82-43	The reports include statistics on gross national products, industrial production, trade, prices, finance, and labor; they also measure changes in key competitive indicators.
Saudi Arabia	82-44	
Australia	82-45	
Italy	82-46	
Thailand	82-53	
Papua New Guinea	82-54	
Ethiopia	82-55	
Bermuda	82-56	
Finland	82-57	Annual Subscription \$13 (\$16.25 for foreign mailing). Individual copies \$4 (\$5 foreign).
Dominican Republic	82-58	
Yemen Arab Republic	82-59	
Turkey	82-60	
Cape Verde	82-61	Order from: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or your nearest Commerce Department District Office.
Bulgaria	82-62	
Guyana	82-63	
New Zealand	82-64	
Jamaica	82-65	
Nigeria	82-66	
Costa Rica	82-67	Other Recent Publications
Israel	82-68	

Commerce Export Assistance Programs	82-12	Norway	82-69
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Austria	82-15	Paraguay	82-71
Barbados	82-18	South Africa	82-72
Trinidad & Tabago	82-19	Ivory Coast	82-73
Niger	82-20	Panama	82-74
Haiti	82-21	Venezuela	82-75
Canada	82-25	Germany	82-76
France	82-26	Indonesia	82-77
United Kingdom	82-27	Central African Republic	82-78
Ireland	82-28		
Egypt	82-29	Annual Subscription \$55 (about 150 copies per year).	
Liberia	82-20		

Trade Opportunities Program (TOP). This publication indexes export opportunities, originating from either private or government sources overseas, and transmitted daily to the TOP computer in Washington. American business firms indicate the products/services they wish to export.

CANADA: Continuing recession tightens import market

Canada's economy continues to languish in recession, having failed to achieve the second-quarter upturn expected earlier, writes Kenneth L. Fernandez in "Business America." The outlook for recovery in the second half of 1982 remains uncertain.

Current predictions call for a weak recovery toward the year's end following a decline in real GNP which began during the third quarter of 1981. The likely result will be an overall drop in GNP on the order of 2 percent for the year as a whole. Prospects are for a strengthening recovery through 1983.

Sagging retail sales, reduced capital expenditures and a weak Canadian dollar plus increasing competition from Canadian and third-country suppliers are demanding greater efforts by U.S. manufacturers to enter or to maintain sales in the Canadian market. Nevertheless, Canada re-

mains our largest export market. Opportunities for new suppliers continue to exist within certain regions and industrial sectors. Canada's economic problems arise primarily from the decline in global economic activity, a reduction in consumer and investor confidence, rising labor costs and double-digit inflation, as well as from Canada's heavy dependence on the U.S. economy.

High unemployment, over 10 percent at mid-year, had no appreciable impact on wage demands. The inflationary impact of wage increases, which averaged 12.7 percent during the first quarter compared with 2.2 percent in the United States, have contributed to an unabated rise in consumer prices. The consumer price index in April was up 11.3 percent over a year earlier.

Sales of capital goods are also suffering. Declining domestic markets and high interest rates combined with a declining capacity utilization rate, have finally dampened projected capital expenditures for construction and for machinery and equipment. These will continue to register some real growth, but will not attain the surprisingly high levels maintained throughout 1981. Construction dollar volume is projected to total C\$63.6 billion in 1982, up only 11.6 percent as compared with the 17.9 percent rise achieved in '81. Capital expenditures are expected to increase in all provinces with significant real advances, even discounting for inflation, expected in Nova Scotia (26.6 percent), Alberta (20.5 percent), Newfoundland (17.2 percent) and New Brunswick (15.8 percent).

Canada's investment climate over the next few months will be clouded. High interest rates, inflation, and high labor costs have more than offset the recent decline in the Canadian dollar to lessen Canada's competitive prospects. Moreover, capacity utilization for the industrial infrastructure remains very low.

Investor confidence has been shaken by government advocacy of economic nationalism, as exemplified by the National Energy Program and rigorous interpretation of the Foreign Investment Review Act (FIRA). Recent public announcements that the "Canadianization" of the energy sector would not be extended to other sectors and that certain FIRA procedures would be modified were welcome; however, it remains to be seen what effect these measures will have on investment in Canada.



2-15-83

MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

• HELENA, MONTANA 59624

• PHONE 442-2405

Testimony
before the
Joint Appropriations Subcommittee
(Department of Commerce Budget)
by
Forrest H. Boles
President
Montana Chamber of Commerce

February 15, 1983

1. The Montana Chamber of Commerce Board of Directors unanimously supports an increased tourism budget at the recommendation of Montana Travel Hosts, the Chamber's tourism division.
2. The McKinsey & Company Report, done for the Montana Economic Development Project, shows a unanimous vote recommending a significant increase in the support for tourism starting with a larger promotion budget as a part of an effort to enhance the anchor industries in Montana.
3. The Small Business Conference Report recommends a minimum of \$2 million per year be appropriated for travel promotion purposes.

"Tourism is a small business industry."

"Montana rates 46th in the nation in the commitment to tourism promotion."

"Economic development begins with Montana small business."

"It is entirely appropriate for the state to be the central promotional agency."

(more)

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Montana Chamber of Commerce
February 15, 1983
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4. The Governor's Advisory Council on Tourism unanimously recommended a significant increase in the tourism budget.

Shifting the tourism promotion function to the Department of Commerce adds, to some degree, the additional opportunity for promoting other types of economic growth besides tourism through the Promotion Bureau. The Montana Chamber feels that this added capability alone justifies the increase being sought, not to mention the need for a much more vigorous tourism promotion effort in Montana.

/ssg