

## MCDC Jumpstarts New Commercial Projects in Montana

### *MCDC delivers \$40 million of Federal Tax Credit Financing to Montana Communities*

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Butte, Bozeman, Helena and Missoula are all reaping the benefits of the \$40 million dollars in federal New Markets Tax Credits awarded to MCDC 18 months ago. The historic Sears building in Uptown Butte is being restored, vacant buildings are undergoing major renovations in Helena and Bozeman and a new six-story retail and office building is going up in downtown Missoula. All this activity translates into approximately 500 immediate construction jobs and 418 permanent jobs equaling a total of over \$22 million in wages over a ten-year period.

Each of these projects had been in the works for years but had stalled due to financing obstacles. With its first ever award of New Markets Tax Credits from the U.S. Treasury Department, MCDC provided the final financing piece to get these projects off the ground.

“The tax credit program works really well for commercial projects in distressed areas that are close to penciling out but need the last piece of financing to get the ball rolling,” says MCDC President David Glaser. “Senator Baucus made this program work for rural states and his efforts really paid off for Montana.”

The New Markets Tax Credit program is a federal tax credit tool that has been used since 2000 with over \$26 billion in tax credits awarded to community development entities, like MCDC, around the country. The program was used primarily in urban areas until U.S. Senator Max Baucus spearheaded changes to require credits to be invested in rural states.

“I’m so proud to see Montanans using this tool to help further their own visions for creating good-paying jobs and revitalizing community centers like the Sears Building in Uptown Butte. I worked hard to see that the New Markets Tax Credits would not just go to the nation’s urban areas, but to important community projects in rural states like Montana. I hope to see the kind of teamwork on this project continue to spark even more ways we can come forward together to create common sense solutions for moving Montana’s economy forward,” says Senior U.S. Senator, Max Baucus.

With its \$40 million in New Markets Tax Credits, MCDC has been working with Montana businesses and community banks to fund important projects in communities across Montana. The program allows MCDC to sell federal tax credits to private investors in order to generate very low-cost financing for eligible building projects with high community impacts.

Several of the Glacier Bancorp family of banks participated in each of these deals, as

both lender and tax credit investor. Valley Bank of Helena partnered with St. Peter's hospital and Dick Anderson Construction to bring an affordable health and wellness facility with quality jobs to Helena. In Bozeman, Big Sky Western Bank partnered with low-cost grocer Town & Country Foods, Inc. to renovate an empty movie theater into a neighborhood grocery store, bringing essential services and quality jobs to an underserved area.

“While the new markets financing program is relatively new in Montana, it has been very successful for major projects funded by community banks in other parts of the country,” says Ron Copher, CFO of Glacier Bancorp. “With these four projects underway, we see how well the program works in Montana. The banks involved saw each of these projects as significant community development opportunities.”

Revitalization of the Historic Sears building in Uptown Butte is a perfect example of how the new markets financing program can be used by community banks, agencies and businesses to jumpstart important projects for their communities,” says Heidi DeArment, Vice President at MCDC. MCDC worked with Glacier Bank and Butte's economic development agencies to bring the benefits of the federal financing program to Uptown Butte.

Once the ball gets rolling, these projects can have significant impacts. Economic impact of these four projects – direct, indirect and induced impacts of both the construction phase and through 10 years of operations – will total over \$71 million.

Most importantly, people are working on these projects right now. Since construction began on the Garlington project in downtown Missoula, 129 people have been employed on the project, 82% of them from local contractors and subcontractors. Upon completion, the construction work alone will have produced approximately \$5 million in wages and approximately \$500,000 in state and local tax income, which will both provide a significant boost to the Missoula economy. “These are the kind of community development benefits that attract local banks, such as First Security Bank of Missoula, to participate in this financing program,” said Copher.

Patrick Barkey, Director of the Bureau of Business and Economic Research at the University of Montana, recognizes the impact of these projects. “Big construction projects like the Garlington Building and the First Interstate Building in Missoula have really helped the construction industry stay afloat in lean times. While smaller construction projects also add up, big projects like these provide a significant and immediate economic impact with one shot.”

MCDC has applied for an additional \$80 million in tax credits to continue the momentum and impact of New Markets Tax Credit financing but continues to assist communities in the interim with tax credit financing from other sources. Based on discussions of priority projects with community leaders state-wide, MCDC will be looking for future tax credit financing deals including mainstreet projects involving downtown revitalization, redevelopment of vacant facilities, health & wellness projects and clean energy projects.

The total project cost must be a minimum of \$3 million.

Read more about this story in the [Montana Standard](#) and the [Billings Gazette](#)

For more information on the New Markets Tax Credit Program or other business financing options in Montana, contact:

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