



# From the Governor

*Those of us who have the opportunity to call this beautiful state home know first-hand the challenges and opportunities that businesses face on a daily basis. We cannot take our economy for granted. A vibrant economy, made up of strong businesses, lends itself to healthy communities and a high quality of life. However, if the economy falters, business, labor and communities are harmed, revenues decline and our ability to address social issues such as education and infrastructure becomes limited.*

*The state's new Chief Business Officer, Dave Gibson, has met with businesses and industry leaders throughout Montana for the past 5 months. During that time, he gained insight from entrepreneurs trying to start a business; small business owners trying to keep their doors open; companies interested in coming to Montana; and companies thinking of leaving the state.*

*From those meetings and discussions, we have learned that as we move down the road to ensuring that Montana is 'open for business', we must focus first on our existing businesses and their ability to stay and expand in Montana. Through the support of our current businesses and traditional industry sectors, we have the opportunity to expand our economy. Individuals throughout the state also suggested that we focus on business creation and incubation. Montanans have a wealth of ideas, and we will make every effort to foster the development of those ideas into good paying jobs for our citizens. Finally, it was suggested that we look to attract businesses into the state, especially those that complement either existing industries or the communities in which they reside.*

*From those discussions, we drafted the attached Framework for Economic Development in Montana. This is not a complete summary of what we have heard throughout the state, nor is it intended to be. Instead, it is a synopsis of common themes and ideas that were presented on a consistent basis.*

*The following document is not just an economic framework. It is a challenge to create a new and better Montana. It is a guide to economic expansion. It is a platform for creative initiatives. Above all else, it is a tool by which our progress toward long-term goals will be managed, monitored and evaluated. This plan does not seek to move our state up to 'average' in terms of quality of life, personal income, or business environment. It is instead built around the vision that our state can be among the top states in the nation in which to live, work, visit and do business. By working together, we will create an economy to match our unparalleled quality of life.*

*Over the next few months, we will travel throughout the state to meet again with Montanans as we work to finalize a Strategic Plan for Economic Development in Montana. I look forward to your advice and input as we move forward.*

*Sincerely,*

*JUDY MARTZ  
Governor*

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# Overview of the Draft Framework

## Introduction

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In the 2001 Legislative Session, Governor Judy Martz proposed the formation of a statewide office to coordinate economic development. With legislative endorsement, the Office of Economic Opportunity was created within the Governor's office. Its mission is to guide the state's economic development efforts to create a stronger, more diversified economy in Montana.

## The Process

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The draft framework for economic development that follows is the culmination of Phase I of a two-phase process. Phase I began with a study of Montana's previous strategic plans, the plans of other cities and states around the country and discussions with many citizens across the state. This document presents a vision and serves as a guide to build a more detailed action plan.

With this completed draft, Phase II in building our strategic plan begins. Over the next several months, we will involve numerous stakeholders,

both in and outside state government, to include ideas from across the state.

The Governor will form an economic advisory group comprised of a small number of leaders from throughout the state. This advisory group will provide oversight for further development and implementation of Montana's plan. We will also form a number of small technical groups to recommend specific actions to address the needs of Montana's economy.

Phase II will conclude with a presentation of the finished strategic plan and the implementation of the specific programs to reach those goals. A major theme throughout our effort is accountability. The citizens of Montana will be able to measure the progress of each goal.

Like the draft framework, the final plan will not sit on the shelf. It will undergo continual assessment, refinement and evaluation as we move forward.

## Overview

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This draft is intended to provide a broad framework from which Montana's public sector can contribute to the state's economic vitality in the coming years. The goals and strategies set forth in this document were developed with one comprehensive end result in mind: to support,

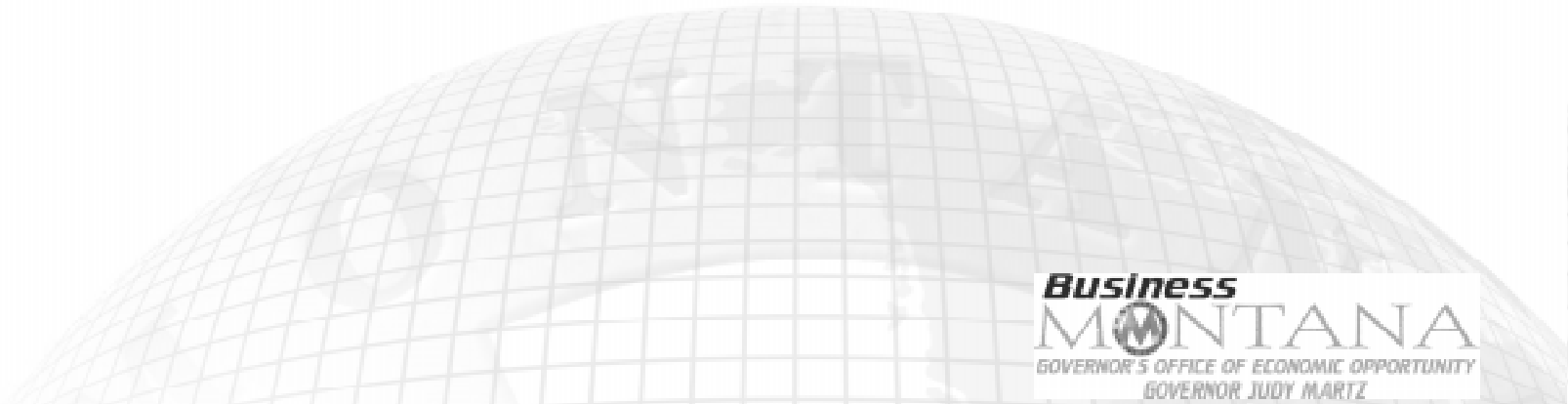
retain, expand and attract sustainable and environmentally responsible economic activity that makes Montana a better place to live and work.

We begin with an overview of Montana's economy and a discussion of the plan's vision — a discussion of the philosophy that guides our strategic planning process and describes the role of the public sector in the execution of this plan.

The draft includes five guiding principles that are essential for broad-based economic prosperity in Montana. One or more goals are associated with each guiding principle, and one or more strategies are associated with each goal.

Appendix A identifies the macro-level performance measures which we've identified that will be a portion of the benchmarks used to measure the performance of each goal.

During the next several months, we will work with citizens, Montana businesses, public entities, and legislators to develop a strategic economic plan that represents the best ideas to move forward. If Montana is to succeed, we need ideas and commitment from all Montanans.





# Assessment of Montana's Economy

## Overall Economy

Between 1986 and 1999, the U.S. economy grew dramatically. Over this period, real dollar U.S. Gross State Product expanded by 54%.

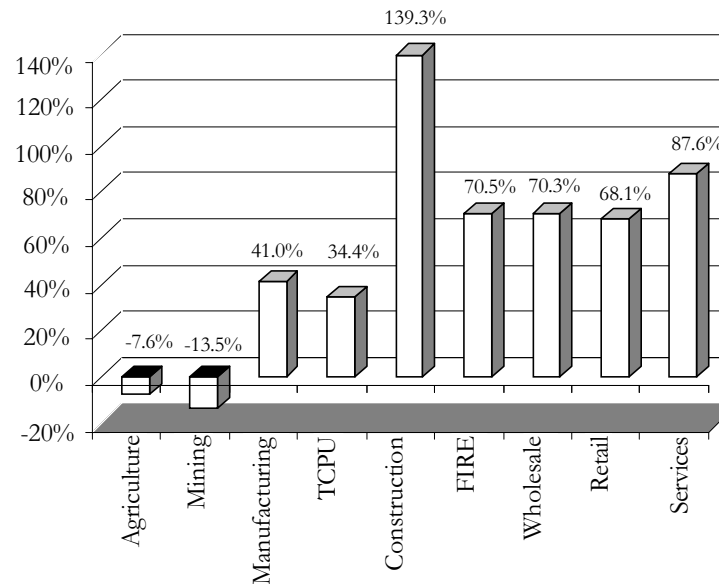
Unfortunately, Montana has not experienced similar increases in our economy and average annual income. Job growth has occurred disproportionately within the lower-paying, service industry occupations. Good paying jobs in mining and manufacturing have declined. Montana's national ranking has steadily declined from the top ten to the bottom five over the past forty years.

## Value of Goods and Services

Gross State Product (GSP) is the broadest measure of the economy. It is the value of goods and services produced by a state. Montana's GSP was estimated at \$19.8 billion in 1998, ranking Montana 49<sup>th</sup> in the nation in per capita GSP. Montana's real dollar GSP from 1986 to 1999 expanded by only 35%. During the past five years our annual rate of growth of 1.2% was the 5th slowest GSP growth rate in the nation.

During the past five years in Montana, the value of goods and services produced from the construction and service sectors increased dramatically. Moderate growth was realized in finance, insurance and real estate (FIRE), wholesale trade, retail trade, manufacturing, and the transportation, communications and public utility (TCPU) sectors. The value of goods and services produced by agriculture and mining declined over this time period.

Percentage Change in the Value of Goods and Services Produced by Industry Sector in Montana, 1990-1999



Source: US Bureau of Economic Analysis

# Assessment of Montana's Economy (continued)

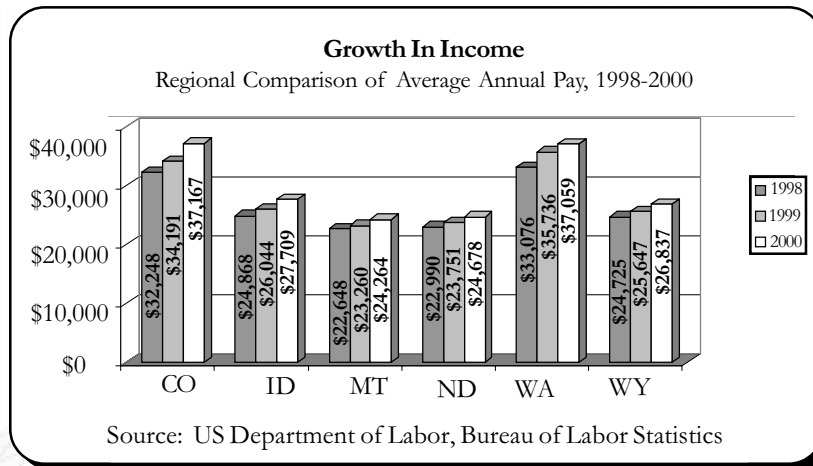
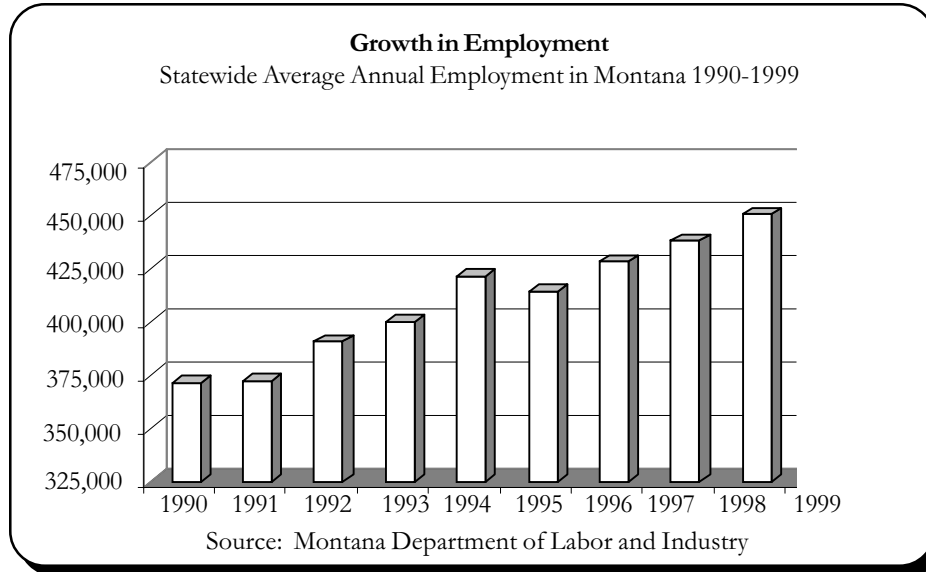


## Employment

In the last decade Montana has realized significant population growth, expanding from a population of 799,065 in 1990 to 902,195 in 2000, a 12.9% increase, compared with a national increase of 13.2%. Along with an expanding population, job growth remained stronger than the national average, increasing 1.7% in 1999 to 2000. Montana has realized employment growth every year since 1995.

## Income

In 1999, a Montanan's average annual pay was \$23,253, ranking 50th in the U.S. Montana ranked 42<sup>nd</sup> in percentage change in average annual pay from 1998 to 1999, with a 2.7% increase, compared with a national 4.3% increase.





# A Vision For Economic Prosperity

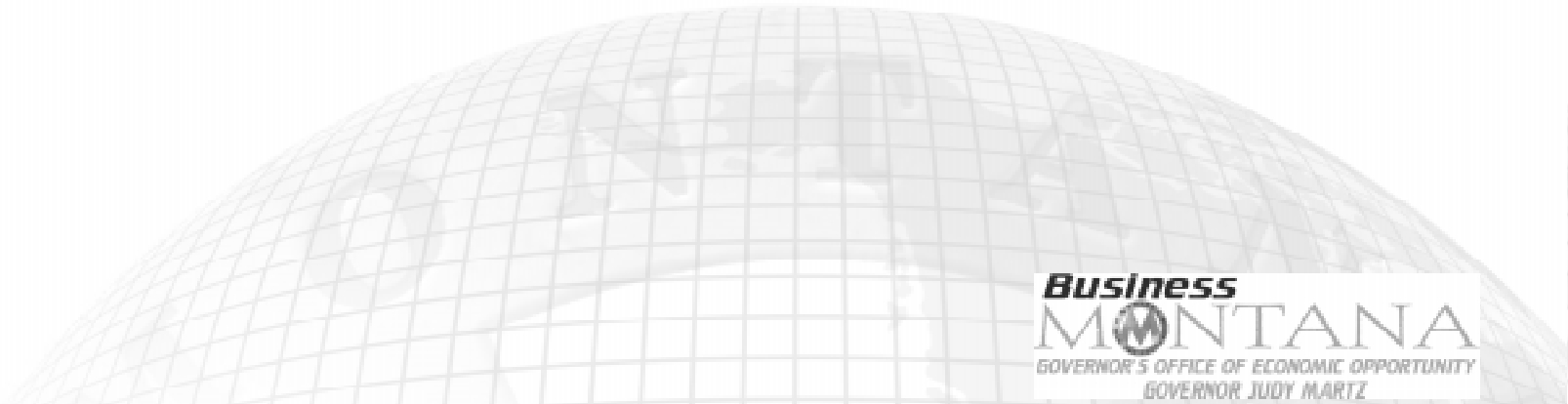
## The Role of Government

Economic development occurs in the private sector. Actions taken by government must foster private development, not replace it. Government, in collaboration with private-sector leaders, must facilitate Montana's growth and competitiveness in the new economy.

Our rural heritage and sense of community make us who we are - resilient, resourceful and determined. If Montana is to grow in this new century, we must work together. Economic development efforts cannot be accomplished without active, responsive public/private partnerships. Partnerships among citizens, business, education and government are critical in addressing economic development, including areas such as education, transportation and growth management. Together, we will ensure that Montana is 'open for business.'

**The State of Montana will work with the private sector and local communities to facilitate growth and diversity in our state's economy and to enhance the quality of life for all our citizens. Montana will become a leader in creating knowledge-based jobs, utilizing leading edge technology in all industries, and developing a globally competitive business environment.**

This vision is a bold challenge demanding involvement and commitment. We must fully support existing Montana businesses, and the creation of new business opportunities for our citizens. It will take the commitment of everyone involved to join together to build new jobs and a better future for Montana.



**Business**  
**MONTANA**  
GOVERNOR'S OFFICE OF ECONOMIC OPPORTUNITY  
GOVERNOR JUDY MARTZ





# Guiding Principles

*To facilitate the development of a strong and effective economy in our state, it is essential that our efforts follow a coordinated plan. Government's role is to foster economic development. We must utilize public-private partnerships as we grow and diversify the economy. The State of Montana will:*

1. Foster a globally competitive business environment by enhancing the private sector.
2. Provide the opportunity for all Montana citizens to share economic prosperity and a high quality of life in all regions of the state.
3. Enable economic development by increasing government responsiveness and efficiency, and by providing a competitive tax structure.
4. Grow our traditional and existing businesses and industries.
5. Encourage the startup, expansion and attraction of businesses that provide sustainable economic growth and good paying jobs.

