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# Economic Development Fund

## MISSION STATEMENT

The mission of the Economic Development Fund (EDF) is to assist private employers who are located, plan to locate, or substantially expand operations in the County. Each program under the EDF is administered by the Department of Finance and by the respective departments as noted below.

## BUDGET OVERVIEW

The total approved FY15 Operating Budget for the Economic Development Fund is \$1,850,567, a decrease of \$1,546,261 or 45.5 percent from the FY14 Approved Budget of \$3,396,828. Personnel Costs comprise 6.8 percent of the budget for no full-time positions, and a total of one FTE. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 93.2 percent of the FY15 budget.

## LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ **Healthy and Sustainable Neighborhoods**
- ❖ **Strong and Vibrant Economy**

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ **The County introduced two programs in FY14 to promote strategic industry growth by providing incentives for private investments in green technology and Cybersecurity companies. The FY15 budget for the Economic Development Fund includes \$500,000 for the new Cybersecurity Investment Tax Credit Supplement Program.**
- ❖ **The Biotech Tax Credit Supplement Program awarded credits to 46 investors, who contributed over \$7 million to ten biotech companies in 2013.**
- ❖ **Facilitated the retention and expansion of Emergent Biosolutions, Inc. in the County, and the addition of 133 new jobs to its current 235 employee base.**
- ❖ **Facilitated the retention and expansion of Sodexo, Inc. in the County, and the addition of 50 new jobs to its 567 employee base.**
- ❖ **Facilitated the retention and expansion of Precision for Medicine, Inc. in the County, and the addition of 59 new jobs to its 16 employee base.**
- ❖ **The Department of Economic Development works continually with the business community to identify opportunities for business attraction and retention. As opportunities arise for economic development, the Executive submits a supplemental appropriation to the County Council for approval.**

## PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund at 240.777.2008 or Jahantab Siddiqui of the Office of Management and Budget at 240.777.2795 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### **Demolition Loan Program**

The Demolition Loan Program was established in FY99. This program is administered by the Department of Housing and Community Affairs and helps owners of obsolete, underutilized commercial buildings by defraying the cost of demolishing and clearing the land.

<b>FY15 Approved Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY14 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY15 Approved</b>	<b>0</b>	<b>0.00</b>

### **Economic Development Grant and Loan Program**

The Economic Development Grant and Loan Program was established in FY96 to assist private employers who will either retain jobs already in the County or create additional jobs in the County through the expansion of current operations or relocation of new operations in the County. This program is administered by the Department of Economic Development (DED) through its Finance and Administration Division. DED identifies and develops prospects that meet the criteria for a grant or loan from the EDF and then develops an assistance package. Frequently, DED works in close cooperation and coordination with the State of Maryland. The County Executive submits an annual report by March 15 on the status and use of the EDF as required by Chapter 20-76 (b) of the Montgomery County Code.

<b>FY15 Approved Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY14 Approved</b>	<b>3,096,828</b>	<b>1.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-1,323,852	0.00
<b>FY15 Approved</b>	<b>1,772,976</b>	<b>1.00</b>

### **Technology Growth Program**

The Technology Growth Program was created in FY99 to facilitate the growth of technology-based companies located or desiring to relocate in the County. Financial assistance is based on the evaluation of the technology and the innovation proposed, along with potential impact for the County. The program is aimed at leveraging private-sector financing and State Challenge and Equity Investment funds. The program is administered by the Department of Economic Development. The Biotech Tax Credit Supplement Program, established in FY10, provides additional incentive for investors who invest in Montgomery County biotech companies and works in conjunction with the State of Maryland Biotechnology Investment Tax Credit Program. Investors who qualify under the State's Program receive an additional supplement for their investment in a Montgomery County biotech company. The Green Investor Incentive Program, established in FY14, provides financial incentives to investors of qualified green companies in Montgomery County, encouraging the development of innovative green technologies.

<b>FY15 Approved Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY14 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY15 Approved</b>	<b>0</b>	<b>0.00</b>

### **Small Business Revolving Loan Program**

The Small Business Revolving Loan Program was established in FY00 and is administered by the Department of Economic Development. The program augments a grant from the Maryland Economic Development Assistance Authority and Fund Act under Senate Bill 446 to finance economic development projects that do not receive priority consideration from institutional lenders or other public sources because they are in a non-priority industry sector, a non-priority transaction site, and/or cannot fully satisfy the credit requirements of a conventional loan. The program offers secured loans typically in the range of \$25,000 to \$100,000.

<b>FY15 Approved Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY14 Approved</b>	<b>300,000</b>	<b>0.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-222,409	0.00
<b>FY15 Approved</b>	<b>77,591</b>	<b>0.00</b>

## BUDGET SUMMARY

	Actual FY13	Budget FY14	Estimated FY14	Approved FY15	% Chg Bud/App
<b>ECONOMIC DEVELOPMENT FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	96,204	96,591	97,170	99,660	3.2%
Employee Benefits	31,023	25,646	25,199	26,316	2.6%
<b>Economic Development Fund Personnel Costs</b>	<b>127,227</b>	<b>122,237</b>	<b>122,369</b>	<b>125,976</b>	<b>3.1%</b>
Operating Expenses	6,807,989	3,274,591	9,904,139	1,724,591	-47.3%
Capital Outlay	0	0	0	0	—
<b>Economic Development Fund Expenditures</b>	<b>6,935,216</b>	<b>3,396,828</b>	<b>10,026,508</b>	<b>1,850,567</b>	<b>-45.5%</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
<b>REVENUES</b>					
Investment Income	31,922	0	35,550	68,980	—
Loan Payments	139,716	94,970	94,970	94,970	—
Miscellaneous Revenues	282,522	0	0	0	—
<b>Economic Development Fund Revenues</b>	<b>454,160</b>	<b>94,970</b>	<b>130,520</b>	<b>163,950</b>	<b>72.6%</b>

## FY15 APPROVED CHANGES

	Expenditures	FTEs
<b>ECONOMIC DEVELOPMENT FUND</b>		
<b>FY14 ORIGINAL APPROPRIATION</b>	<b>3,396,828</b>	<b>1.00</b>
<b>Changes (with service impacts)</b>		
Add: Cybersecurity Investment Tax Credit	500,000	0.00
Reduce: Green Investor Incentive Program	-500,000	0.00
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: FY15 Compensation Adjustment	3,549	0.00
Increase Cost: Group Insurance Adjustment	190	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY14	-1,550,000	0.00
<b>FY15 APPROVED:</b>	<b>1,850,567</b>	<b>1.00</b>

## PROGRAM SUMMARY

Program Name	FY14 Approved		FY15 Approved	
	Expenditures	FTEs	Expenditures	FTEs
Demolition Loan Program	0	0.00	0	0.00
Economic Development Grant and Loan Program	3,096,828	1.00	1,772,976	1.00
Technology Growth Program	0	0.00	0	0.00
Small Business Revolving Loan Program	300,000	0.00	77,591	0.00
<b>Total</b>	<b>3,396,828</b>	<b>1.00</b>	<b>1,850,567</b>	<b>1.00</b>

## FUTURE FISCAL IMPACTS

Title	APPR. FY15	FY16	FY17	(\$000's) FY18	FY19	FY20
<b>This table is intended to present significant future fiscal impacts of the department's programs.</b>						
<b>ECONOMIC DEVELOPMENT FUND</b>						
<b>Expenditures</b>						
<b>FY15 Approved</b> No inflation or compensation change is included in outyear projections.	1,851	1,851	1,851	1,851	1,851	1,851
<b>Subtotal Expenditures</b>	<b>1,851</b>	<b>1,851</b>	<b>1,851</b>	<b>1,851</b>	<b>1,851</b>	<b>1,851</b>