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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 recommended FY16 Operating Budget for the Economic Development Fund is \$1,853,591, an increase of \$3,024 or 0.2 percent from the FY15 Approved Budget of \$1,850,567. Personnel Costs comprise 7.0 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 93.0 percent of the FY16 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 Executive introduced the MOVE Program in FY14 to reduce the amount of Class A and B office space by offering a one-time grant for new companies signing their first lease in the County. The pilot-version of the MOVE program attracted 9 companies and responded to more than 50 inquiries in eight months. In February 2015, The MOVE program was expanded to increase financial assistance from \$4 to \$8 per square foot, up to a maximum of 10,000 square feet, for any industry sector except retail and restaurant.***
- ❖ ***The Biotech Tax Credit Supplement Program awarded credits for 59 investments, totaling more than \$7 million in 14 Montgomery County biotech companies in 2014.***
- ❖ ***Facilitated the retention and expansion of ByteGrid in Silver Spring, which is estimated to create 80 jobs and generate \$34 million in personal property and energy tax revenue over the next twelve years.***
- ❖ ***Facilitated the attraction of Mobile System 7 to generate eight additional jobs through DED's Equity Investment Program.***
- ❖ ***Facilitated the retention and expansion of the Brainscope Company to generate 70 additional jobs to their current job base of 14.***
- ❖ ***The Department of Economic Development works continually with the business community to identify opportunities for business attraction and retention. As economic development opportunities arise, 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 Pofen Salem of the Office of Management and Budget at 240.777.2773 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### ***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>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>1,772,976</b>	<b>1.00</b>
Increase Cost: FY16 Compensation Adjustment	2,733	0.00
Increase Cost: Group Insurance Adjustment	291	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	77,591	0.00
<b>FY16 CE Recommended</b>	<b>1,853,591</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>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY16 CE Recommended</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>FY16 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY15 Approved</b>	<b>77,591</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.	-77,591	0.00
<b>FY16 CE Recommended</b>	<b>0</b>	<b>0.00</b>

## BUDGET SUMMARY

	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
<b>ECONOMIC DEVELOPMENT FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	97,156	99,660	100,602	101,987	2.3%
Employee Benefits	25,198	26,316	26,027	27,013	2.6%
<b>Economic Development Fund Personnel Costs</b>	<b>122,354</b>	<b>125,976</b>	<b>126,629</b>	<b>129,000</b>	<b>2.4%</b>
Operating Expenses	7,114,189	1,724,591	4,138,075	1,724,591	—
Capital Outlay	0	0	0	0	—
<b>Economic Development Fund Expenditures</b>	<b>7,236,543</b>	<b>1,850,567</b>	<b>4,264,704</b>	<b>1,853,591</b>	<b>0.2%</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	30,439	68,980	55,970	55,970	-18.9%
Loan Payments	55,858	94,970	94,970	94,970	—
Miscellaneous Revenues	161,107	0	0	0	—
<b>Economic Development Fund Revenues</b>	<b>247,404</b>	<b>163,950</b>	<b>150,940</b>	<b>150,940</b>	<b>-7.9%</b>

## FY16 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>ECONOMIC DEVELOPMENT FUND</b>		
<b>FY15 ORIGINAL APPROPRIATION</b>	<b>1,850,567</b>	<b>1.00</b>
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: FY16 Compensation Adjustment [Economic Development Grant and Loan Program]	2,733	0.00
Increase Cost: Group Insurance Adjustment [Economic Development Grant and Loan Program]	291	0.00
<b>FY16 RECOMMENDED:</b>	<b>1,853,591</b>	<b>1.00</b>

## PROGRAM SUMMARY

Program Name	FY15 Approved		FY16 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Economic Development Grant and Loan Program	1,772,976	1.00	1,853,591	1.00
Technology Growth Program	0	0.00	0	0.00
Small Business Revolving Loan Program	77,591	0.00	0	0.00
<b>Total</b>	<b>1,850,567</b>	<b>1.00</b>	<b>1,853,591</b>	<b>1.00</b>

## FUTURE FISCAL IMPACTS

Title	CE REC. FY16	FY17	FY18	(\$000's)		
				FY19	FY20	FY21
This table is intended to present significant future fiscal impacts of the department's programs.						
<b>ECONOMIC DEVELOPMENT FUND</b>						
<b>Expenditures</b>						
<b>FY16 Recommended</b>	<b>1,854</b>	<b>1,854</b>	<b>1,854</b>	<b>1,854</b>	<b>1,854</b>	<b>1,854</b>
No inflation or compensation change is included in outyear projections.						
<b>Subtotal Expenditures</b>	<b>1,854</b>	<b>1,854</b>	<b>1,854</b>	<b>1,854</b>	<b>1,854</b>	<b>1,854</b>

