

**Montgomery County  
Economic Development Fund  
Annual Report**

**For Calendar Year 2021**



**Prepared by  
Department of Finance**

March 2022

## **Introduction**

Created in October 1995, the Economic Development Fund (EDF) is a suite of programs that provide financial assistance to businesses located in or relocating to Montgomery County (the County). The purpose of the EDF is to generate economic development activity that would not have occurred without assistance from the public sector. Most of the assistance provided is in the form of conditional grants and loans supporting projects that will generate economic benefit to the County through job creation and substantial capital investment in real or personal property. However, the EDF is flexible, and houses programs that incentivize economic growth in other sectors that may lay the foundation for future job growth and economic activity. For example, there are programs that incentivize investment in early-stage biotechnology or cybersecurity companies or assist businesses experiencing revenue loss during construction of a County project.

This report is provided annually as required by Section 20-76 (c) of the Montgomery County Code. The report summarizes the activity and performance of each EDF program, from January 1, 2021 through December 31, 2021. As Montgomery County's fiscal year commences on July 1 and ends on June 30, this report includes activity and performance for the last 6 months of Fiscal Year 2021 and the first 6 months of Fiscal 2022. Summary and performance data are subject to each program's purpose and collected through documentation required under the County's agreements and may be supplemented through other sources. Each program's activity and performance data are presented in separate sections to provide information to readers in an easily accessible format. Any transactions approved or funded since last year's report are detailed in the appendices.

There are eight active programs currently administered through the EDF. The table on the next page summarizes the total assistance each program has provided since its inception.

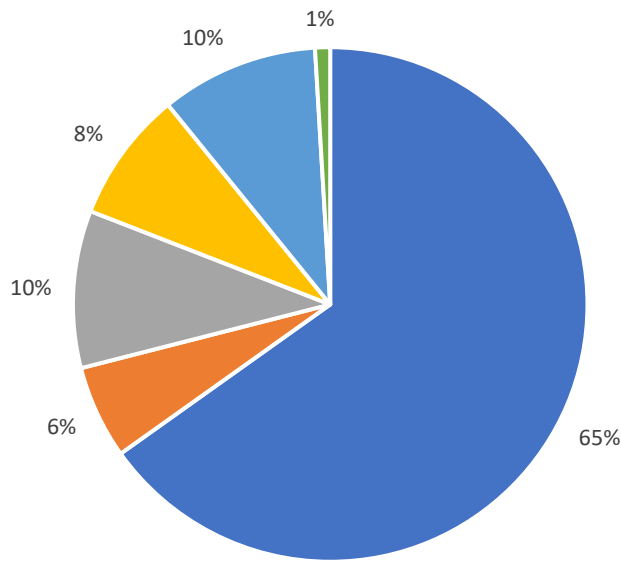
## Economic Development Fund Assistance Since Inception

Active Programs	Authorization	Year Established	Assistance provided- CY2021	Cumulative Assistance Provided
Economic Development Fund Grant and Loan Program (EDFGLP)	Montgomery County Code, Secs 20-73 to 20-75.	FY 1996	\$3,450,000	\$57,110,150
Biotechnology Investor Incentive Supplement Program (BIIS)	Montgomery County Code, Sec. 20-76A	FY 2012	\$435,926	\$3,860,295
Small Business Assistance Program (SBAP)	Montgomery County Code, Secs 20-76B.	FY 2013	\$523,709	\$1,902,596
Make Office Vacancy Extinct Program (MOVE) <sup>1</sup>	County Council Resolution 18-432	FY 2014	\$310,496	\$4,310,144
Cybersecurity Investor Incentive Supplement Program (CIIS)	Montgomery County Code, Secs 20-76D	FY 2014	\$0	\$193,395
Impact Assistance Fund (IAF) <sup>2</sup>	County Council Resolution 18-959	FY 2017	\$0	\$421,032
Microloan Fund (Microloan)	Montgomery County Code, Sec. 15A-5 (d)	FY 2018	\$50,000	\$550,000
SBIR/STTR Matching Grant Program (SBIR/STTR)	Montgomery County Code, Sec. 20-76E	FY 2019	\$525,000	\$1,675,000

<sup>1</sup> The MOVE Program was initially established as a pilot program by the County Executive in March 2014. It is not codified. Initially funded through existing EDF funds for that fiscal year, the Council appropriated specific funding in FY16 through Resolution 18-432 and has appropriated funds every fiscal year since.

<sup>2</sup> The Impact Assistance Fund is not established as a formal program in County Code. It was initially established by the former Montgomery County Department of Economic Development in 2005 and operated until 2010 when annual appropriations ended and remained dormant until 2016, when Resolution 18-432 provided specific funding to the program. Since then, funds for this program have been appropriated annually.

**2021 Economic Development Fund Expenditures**  
**\$5,295,131<sup>3</sup>**



- EDF Grant & Loan - \$3,450,000
- Small Business Assistance - \$523,709
- SBIR/STTR - 525,000
- MOVE - \$310,496
- Biotech Supplement - 435.926
- Microlending - \$50,000

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**Highlights for 2021**

**Economic Development Grant & Loan Program** - The program continued to support biotechnology growth, a key strategic economic sector in the County. Calendar Year 2021 (CY21) saw approval of a \$100,000 conditional grant to TCR<sup>2</sup> Therapeutics, Inc. and a \$50,000 conditional grant to Inotiv, Inc. Both companies will establish new biomanufacturing operations in the County, with combined capital investment of more than \$120 million and the creation of 235 new full time jobs.

**SBIR/STTR Local Matching Grant Program** – County Council passed legislation amending the program and expanding its capabilities. As initially established, this program provided matching grants to Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) grants only from the National Institutes of Health. Bill 37-19, enacted in March 2021 expanded the County’s program, allowing for SBIR/STTR grants issued by any Federal Agency to be considered for the program, provided the research conducted is for medicine, biotechnology, or life sciences.

<sup>3</sup> There were no expenditures for the Cybersecurity Supplement or Impact Assistance Program in Calendar Year 2021.

## **Economic Development Fund Programs**

### **Economic Development Fund Grant and Loan Program (EDFGLP)**

The EDFGLP is established under Chapter 20, Article XIII, Sec. 20-73 through Sec 20-75 of the Montgomery County Code. The purpose of the program is to aid the economic development of the County by assisting private employers who are located or plan to locate or substantially expand operations in the County. The most common forms of assistance are loans or grants of public funds. Frequently, this assistance is leveraged with additional incentives offered by the Maryland Department of Commerce. Other permitted forms of assistance are: transfers of real or personal property as otherwise authorized by law; the provision of services, when otherwise authorized, by a County agency; plans, studies, or other technical assistance; or an equity investment as authorized by Section 20-75A of the Montgomery County Code. There is no Sunset Date for the EDFGLP.

Program Goal: Strategic attraction and retention projects in targeted industry sectors that generate significant economic development benefits in the County.

Program Mechanics: Incentives are awarded after a business executes an Economic Development Fund Agreement (EDFA) which stipulates the requirements for grant disbursement and performance. All EDFAs contain clawback provisions to recapture grant or loan funds if a business fails to achieve the expected economic output. The program typically uses capital expenditures and job retention or creation - or both - as milestones but has flexibility to accommodate projects that generate other types of significant economic development activities. (See Appendices A & B for details.)

## EDFGLP Six-Year Program Summary

<b>Approved Projects<sup>4</sup></b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY 2018<sup>5</sup></b>	<b>CY2018<sup>5</sup></b>	<b>CY2019</b>	<b>CY2020</b>	<b>CY2021</b>	<b>Total</b>
Projects awarded	2	8	1	6	4	4	2	35
Amount awarded	\$180,000	\$4,250,000	\$250,000	\$1,850,000	\$5,165,000	\$1,925,000	\$150,000	\$13,770,000
Projects with State participation	2	7	N/A	6	3	4	2	24
State leverage per County dollar	\$ 1.73	\$ 1.93	N/A	\$2.18	\$2.83	\$4.27	2.83	\$2.63
Jobs retained	45	1,805	N/A	1,185	504	560	312	4,411
Jobs attracted or created	188	1,530	N/A	706	297	1,586	369	4,676
Private capital investment (millions)	\$ 12.4	\$ 220.1	N/A	\$173.4	\$144.0	\$170.0	\$256.3	\$976.2
Award dollars per total jobs	\$ 773	\$1,274	N/A	\$978	\$6,448	\$897	\$667	\$1,840
<b>Funded Projects</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>CY2018</b>	<b>CY2019</b>	<b>CY2020</b>	<b>CY2021</b>	<b>Total</b>
Number of projects	5	7	2	8	6	6	5	39
Amount funded	\$730,000	\$1,201,691	\$1,550,000	\$2,431,568	\$1,839,256	\$4,665,000	\$3,450,000	\$12,792,515
Total jobs at funding	195	803	N/A	1,504	1,211	1,663	369	5,745
Average salary at funding	\$92,260	\$75,567	N/A	\$112,198	\$100,535	\$111,069	\$117,645	\$101,546

<sup>4</sup> Approved Projects are projects with offers made and accepted, but funds have not yet been disbursed. The logistics and scope of attraction or expansion projects often result in time lapses between award approval and funds disbursement. Projects approved for funding in one year may actually be funded at a future date when conditions for disbursement have been met.

<sup>5</sup> In 2018 the basis for reporting changed from fiscal year to calendar year. The County's fiscal year commences on July 1 and ends on June 30. This 12-month cycle spans portions of two different calendar years. In the table above, Column FY18 represents six months, from July to December 2017. The remaining 6 months of FY18 are included in the CY18 column which reflects the full 12 months of CY18.

**EDFGLP Program Outcomes:** Grants awarded are monitored annually after funding and closed once a business achieves the contracted milestones, repays the required penalty, or the Department of Finance forwards the case to the Office of the County Attorney for collection.

**Ten-year Summary of Outcomes (2011 - 2021)**

<b>Outcome</b>	<b>Number of Cases</b>	<b>Funded Amount</b>	<b>Recalled Amount<sup>6</sup></b>	<b>Repaid Amount<sup>7</sup></b>	<b>Contracted Jobs</b>	<b>Final Jobs<sup>8</sup></b>	<b>Award Dollars per Final Job</b>
Closed Cases							
Met contracted milestones <sup>9</sup>	8	\$7,945,000	-	-	1,194	1,212	\$3,255
Partially met contracted milestones, made repayment	14	\$2,867,681	\$1,680,631	\$1,410,400	2,160	2,281	\$1,257
Did not meet contracted milestones, made repayment	1	\$ 30,000	\$30,000	\$30,000	23	0	N/A
<b>Total Satisfied Cases</b>	<b>23</b>	<b>\$10,842,681</b>	<b>\$1,710,631</b>	<b>\$1,440,400</b>	<b>3,377</b>	<b>3,493</b>	<b>\$1,959**</b>
Did not meet contracted milestones, no repayment	8	\$1,878,288	\$1,365,000	-	382	52	N/A
Active Cases <sup>10</sup>							
Monitoring	36	\$14,826,150	-	-	7,814	7,097	\$2,089
<b>Total All Cases</b>	<b>67</b>	<b>\$27,547,119</b>	<b>\$3,075,631</b>	<b>\$1,440,400</b>	<b>11,573</b>	<b>10,642</b>	<b>\$2,213<sup>11</sup></b>

<sup>6</sup> Only includes those EDFA projects for which the County issued a formal recall notice to the business.

<sup>7</sup> Includes principal and interest.

<sup>8</sup> Final Jobs reflects the number of jobs at the time the EDFA was satisfied or recalled.

<sup>9</sup> Award dollars per job for companies that met contracted milestones is based upon a funded amount of \$3,945,000 as a \$4,000,000 grant to Wheaton Regional Shopping Center, LLP had no job requirements.

<sup>10</sup> For Active Cases, job count reflects the most recent performance reports submitted to date.

<sup>11</sup> Award dollars per job for Total Satisfied Cases and Total All Cases are based upon a funded amounts of \$6,842,681 and \$23,547,119 respectively as a \$4,000,000 grant to Wheaton Regional Shopping Center, LLP had no job requirements.

## **Make Office Vacancies Extinct (MOVE) Program**

The MOVE program was initially established by the County Executive in March 2014 as a pilot program in an effort to reduce the level of commercial vacancy in Class A or B office space. Positive response from the business community resulted in the program's ongoing operation. While not established in law, the program has received annual appropriations since 2015 and has been modified since its inception expanding eligible types of space and their use.

Program Goals: Attract new businesses to the County and reduce vacant Class A and B office space, vacant Flex Space with lab uses, and vacant production space leased by craft alcohol production companies.

Program Mechanics: New businesses to the County can apply to the program after signing a direct lease in commercial space with a minimum term of at least a three-years, up to a maximum of 20,000 square feet. Upon verification of an executed lease and occupancy, businesses receive a one-time grant of \$8.00 per square foot leased, up to a maximum grant amount of \$80,000.

For Calendar Year 2021 the Move Program supported 11 companies that leased a total of 38,813 square feet of space. Of that total, 13,061 square feet (34%) was leased to Biotechnology/Life Science companies. The remaining 25,800 square feet supported by the program was leased to companies across a variety of industry sectors: engineering, real estate, healthcare, education, and professional services. Based upon location, MOVE grants were awarded to businesses leasing space in Rockville (36%, 4 awards), Gaithersburg (36%, 4 awards), and Silver Spring (4%, 2 awards). (See Appendix C for details.)



### Six-Year MOVE Program Summary

	FY2016	FY2017	FY2018 <sup>12</sup>	Calendar Year 2018 <sup>12</sup>	Calendar Year 2019	Calendar Year 2020	Calendar Year 2021	Total
Number of awards	12	16	26	22	27	16	11	130
Amount awarded	\$308,944	\$428,706	\$381,200	\$664,416	\$718,838	\$432,868	\$310,496	\$3,325,468
Square footage leased	39,450	53,592	45,874	96,024	102,014	64,299	38,813	440,066
Average lease term (months)	69	87	80	72	62	58	66	71
Initial jobs <sup>13</sup>	53	72	36	84	176	58	54	533
Award dollars per initial jobs	\$5,829	\$5,954	\$10,589	\$7,910	\$4,084	\$7463	\$5,750	\$6,797
Projected three-year job total <sup>1</sup>	213	225	211	323	618	396	180	2,391
Award dollars per total jobs	\$1,450	\$1905	\$1,807	\$2,057	\$1,163	\$1,093	\$1,327	\$1,387

<sup>12</sup> In 2018 the basis for reporting changed from fiscal year to calendar year. The County's fiscal year commences on July 1 and ends on June 30, spanning portions of two different calendar years. In the table above, FY18 represents six months - from July to December 2017. The remaining 6 months of FY18 are included in the CY18 column which includes the 12 months of calendar year 2018.

<sup>13</sup> Job totals are reported by applicant on their application.

## **Biotechnology Investor Incentive Program (BIIP)**

Section 20-76A. of the Montgomery County Code requires the Director of Finance to pay, subject to appropriation, a Biotechnology Investment Incentive Tax Credit Supplement to investors that were certified by the State to receive Maryland Biotechnology Tax Credits for investments in biotechnology companies principally located in Montgomery County. The supplements are based upon Maryland Biotechnology Tax Credits that have been certified for the prior calendar year. The Supplement paid to any recipient must not exceed:

- (A) 50% of the State tax credit that the recipient receives from the Maryland Biotechnology Investment Tax Credit Program in the preceding calendar year; or
- (B) 15% of the total annual appropriation for the County's supplement program.

No Sunset Date has been established for this program, however investor supplements are contingent upon the issuance of Maryland Biotechnology Investment Tax Credits which, as of the 2021 Maryland Legislative Session has been extended to June 30, 2028.

Program Goals: Attract additional investment in early-stage biotechnology companies in the County to enhance their prospects for longevity and success.

Program Mechanics: The State notifies the County as to which biotechnology companies have received investments and identifies the respective investors that have been certified as eligible to receive Maryland Biotechnology Tax Credits for those investments. The County's supplement is a monetary payment rather than a tax credit. The supplement amount payable to each eligible investor is calculated by:

1. Determining what each individual certified Biotechnology Tax Credit represents as a percentage of the total amount of Biotechnology Tax Credits received for Montgomery County biotechnology companies.
2. Using that percentage to calculate what amount of the County's annual appropriation for this program that percentage represents. (See Appendix D for information.)

### Six-Year Biotechnology Investor Incentive Program Summary

	CY 2015	CY 2016	CY 2017	CY2018	CY 2019	CY2020	Total
County Appropriation	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$3,000,000
Number of Companies	12	15	8	7	5	5	52
Number of investments eligible for Supplement <sup>14</sup>	95	81	60	39	27	37	339
Total private investment dollars	\$13,579,920	\$11,984,484	\$10,656,092	\$8,970,535	\$8,515,000	\$7,427,667	\$61,133,698
County supplement percent ROI <sup>15</sup>	3.8%	4.2%	4.7%	5.6%	5.8%	6.7%	5.13%
Total ROI, including MD tax credit <sup>16</sup>	53.8%	54.2%	54.4%	55.6%	55.7 %	54.0%	54.6%

<sup>14</sup> Does not represent total number of investors in the companies reported, only those eligible to receive Biotechnology Tax Credits.

<sup>15</sup> Percentages in Total Column represents the 6-year average ROI.

<sup>16</sup> Total ROI = Total approved MD Tax Credits for Montgomery County Companies + Total County supplements awarded ÷ Total private investment dollars made by investors certified to receive the tax credit.

## **Montgomery County Cybersecurity Investment Incentive Tax Credit Supplement Program (CIIS)**

As required by Sec. 20-76D of the Montgomery County Code, the Director of Finance must pay, subject to appropriation, a Cybersecurity Investment Incentive Tax Credit Supplement to investors who were certified by the State to receive Maryland Cybersecurity Tax Credits for investments in cybersecurity companies principally located in Montgomery County. The supplements are based upon Maryland Cybersecurity Tax Credits certified for the prior calendar year. The Supplement paid to any recipient must not exceed:

- (A) 50% of the State tax credit that the recipient receives from the Maryland Cybersecurity Investment Tax Credit Program in the preceding calendar year; or
  - (B) 15% of the total annual appropriation for the County's supplement program.
- (See Appendix E for information)

No Sunset Date has been established for this program since enacted. In the 2021 Maryland Legislative Session the Cybersecurity Tax Credit Program was expanded to include other technology companies in addition to cybersecurity, as determined by the Maryland Department of Commerce. In enacting the amendment, the program expiration date was extended to January 1, 2025.

Program Goals: Attract additional investment in early-stage cybersecurity companies in the County to enhance their prospects for longevity and success.

Program Mechanics: The supplements are awarded to individuals or companies that invest in cybersecurity companies principally located in Montgomery County and have been certified to receive a cybersecurity tax credit from the State of Maryland's Cybersecurity Investor Incentive Tax Credit Program. The State notifies the County as to which cybersecurity companies have received investments and identifies the respective investors that have been certified as eligible to receive Maryland Cybersecurity Tax Credits for those investments. The County's supplement is a monetary payment rather than a tax credit. The supplement amount payable to each eligible investor is calculated by:

1. Determining what each individual certified Cybersecurity Tax Credit represents as a percentage of the total amount of Cybersecurity Tax Credits received for Montgomery County cybersecurity companies.
2. Using that percentage to calculate what amount of the County's annual appropriation for this program that percentage represents.

The supplements are awarded to qualified businesses which receive a final tax credit certificate from the State of Maryland's Cybersecurity Investment Incentive Tax Credit Program.

### Six-Year Cybersecurity Investor Incentive Program Summary

	CY 2015	CY 2016	CY 2017	CY 2018 <sup>17</sup>	CY19 <sup>18</sup>	CY2020 <sup>17</sup>	Total
County Appropriation	\$500,000	\$500,000	\$500,000	\$127,395	\$66,000	\$66,000	\$1,759,395
Number of businesses	1	2	3	0	0	0	6
Number of investments	1	5	7	0	0	0	13
Total private investment dollars	\$100,000	\$1,233,000	\$1,405,000	\$0	0	\$0	\$2,738,000

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<sup>17</sup> For calendar years 2018 and 2020 the State reported no Cybersecurity Investment Tax Credits for Montgomery County Cybersecurity Companies.

<sup>18</sup> In CY19 the State certified Cybersecurity Investor Tax Credits for 4 investments in Security Corporation. Following certification, but prior to disbursement of the County supplement, it was determined the company had been acquired by Denver, Colorado-based Swimlane. Sec.20-76A(2) of the Montgomery County code requires that companies be headquartered in the county. Consequently, the supplements to these 4 investments were not disbursed.

## **Small Business Assistance Program (SBAP)**

Bill 6-12 Economic Development - Small Business Assistance was enacted on April 17, 2012 and formalized in Section 20-76B of the County Code to:

- (1) establish a program to assist certain small businesses located in the County who are adversely impacted by a County redevelopment project or a redevelopment project located on County property;
- (2) provide technical assistance and training to a small business who receives financial assistance from the Economic Development Fund;
- (3) authorize financial assistance to certain small businesses from the Economic Development Fund.

Program Goals: Improve the prospects for small business sustainability by providing technical and financial assistance to small businesses that may be adversely impacted due to their proximity to a redevelopment project that is funded by the County or situated on County-owned land. Additionally, the project must be in a designated Urban Renewal Area or an Enterprise Zone for SBAP assistance to be applicable.

Program Mechanics: The County, through contracted non-profit organizations<sup>1</sup>, provides technical assistance to small businesses that may be adversely impacted by a qualified redevelopment project prior to and during project construction. Presently, only businesses proximate to one project, the Montgomery County Office of the Maryland-National Capital Park & Planning Commission have been eligible for assistance under the SBAP. The project, located at 2425 Reedy Drive in Wheaton, was completed in Summer 2021. In addition to the Montgomery County Office of Planning, the project includes the offices of several County departments, street-level retail space, and an outdoor plaza.

Small businesses demonstrating that they were financially healthy prior to the commencement of the County-related redevelopment project but adversely impacted by the project were awarded up to a maximum of \$125,000 in financial assistance. Through calendar year 2021 the SBAP, has made 78 disbursements to a total of 31 companies since inception of the program, totaling \$1,903,442. Disbursements are provided on a quarterly basis, subject to financial information demonstrating adverse impact related to construction. Under the SBAP, participation in technical assistance is required prior to receiving financial assistance. (See Appendix F for information.)

### Small Business Assistance Program Summary Since Inception

	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>CY2020</b>	<b>CY2021</b>	<b>Totals</b>
Amount disbursed:	\$0	\$514,958	\$496,075	\$368,700	\$523,709	\$1,903,442
Disbursements:	None	32	25	12	9	78
New applications approved:	3	14	6	4	4	31
Businesses receiving Technical Assistance <sup>19</sup> :	58	57	51	37	28	231

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<sup>19</sup> For this program, the County utilizes the services of the Latino Economic Development Corporation (LEDC) to provide one-to-one business counseling and seminars (e.g., QuickBooks, Marketing Through Social Media, CVRS, etc.). Additional organizations, such as the Maryland Small Business Development Center (SBDC), the Greater Washington Hispanic Chamber of Commerce, and the Hispanic Chamber of Commerce of Montgomery County, have also been utilized in prior years for specific tasks.

## Impact Assistance Fund (IAF)

The Impact Assistance Fund was initially established by the Montgomery County Department of Economic Development in 2005 and operated until 2010. It is not codified in County law. Originally established to assist small businesses that were being adversely impacted by the redevelopment of Downtown Silver Spring, the IAF provided conditional grants up to a maximum of \$20,000. Eventually, the program was expanded to include County projects in other locations. Funds were appropriated annually from 2005 through 2009, and in 2010, after funds were depleted, the program became dormant. In 2017, the program was revived with minor modifications: the maximum conditional grant was increased to \$25,000 and eligibility for the program included geographic boundaries established by the County Executive.

**Program Goals:** Improve the prospects for small business sustainability by providing financial assistance to small businesses adversely impacted by redevelopment projects that are either funded by the County or are located on County-owned land in a geographic area designated by the County Executive.

**Program Mechanics:** Financial assistance may be provided to businesses which meet certain eligibility criteria, including being located within a geographic area designated by the County Executive as impacted by County-related redevelopment projects. Currently, there are three designated areas: (1) in Silver Spring in the immediate proximity to the Studio Plaza redevelopment project, (2) on Elm Street in Bethesda in proximity to the Bethesda Metro redevelopment project, and (3) in the area immediately adjacent to the Clarksburg Square Road Extension Project in Clarksburg. Financial assistance is in the form of a conditional grant and is based upon the difference between a small business' financial health prior to the construction project and the demonstrated amount of adverse impact attributable to the redevelopment project. The maximum amount of assistance a business can receive under the IAF is \$25,000, and only one disbursement is allowed. Only businesses that are experiencing adverse impact to current operations due to redevelopment projects, currently in progress, are eligible under the program. Technical assistance is not a requirement for financial assistance under the IAF. In Calendar Year 2021 no businesses applied for or received assistance under the Impact Assistance Program. (See Appendix G for information.)

### Program Summary

	CY2018	CY2019	CY2020	CY2021	Total
Amount disbursed:	\$175,000	\$198,672	\$47,360	\$0	\$421,032
Disbursements:	7	8	2	0	17



## SBIR/STTR Local Matching Grant Program

Bill 41-17, Economic Development Fund - Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program was enacted on March 20, 2018 and formalized in Section 20-76E of the Montgomery Code. The program provides matching funds for businesses that receive federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants from the National Institutes of Health. In June 2021, Bill 37-19 amended the program to allow for consideration of SBIR and STTR grants from all federal agencies, provided the purpose of the grant is to conduct research in medicine, biotechnology, or life sciences. The Bill also eliminated the programs original sunset date of July 1, 2025. SBIR and STTR are highly competitive programs that encourage domestic small businesses to engage in Federal Research or Research and Development (R&D) with the potential for commercialization.

Program Goal: The program supports the growth of early stage life science companies in Montgomery County.

Program Mechanics: The County's SBIR/STTR Matching Grant Program allows Montgomery County companies that have at least 51% of their research & development operations in Montgomery County to apply for a County match to a Phase I or Phase II SBIR or STTR grant from a federal department or agency. Companies that received a Phase I SBIR or STTR grant may receive a County match of 25% of the grant amount, up to a maximum of \$25,000. Companies that received a Phase II SBIR or STTR grant may receive match of 25% of the grant, up to a maximum of \$75,000. Companies are eligible to receive a local match once per calendar year, up to a total of five grant awards. (See Appendix H for information.)

### SBIR/STTR Program Summary since Inception

	CY2018	CY2019	CY2020	CY2021	Totals
Phase I Grant Recipients	9	4	3	7	23
Phase I Grant Awards amount	\$225,000	\$100,000	\$75,000	\$175,000	\$575,000
Phase I Federal Grant Dollars Leveraged	\$2,361,064	\$1,142,510	\$1,036,941	\$3,413,560	\$7,954,075
Phase II Grant Recipients	4	4	4	5	17
Phase II Grant Awards amount	\$300,000	\$237,500	\$237,500	\$350,000	\$1,125,000
Phase II Federal Grant Dollars Leveraged	\$6,031,385	\$6,451,214	\$5,837,722	\$10,905,236	\$29,225,227
<b>Total Local Matching Grant Awards</b>		<b>40</b>			<b>\$1,700,000</b>

## Microloan Program

Bill 49-16 was enacted on April 18, 2017 and established in Section 15 A-5(d) of the Montgomery County Code, creating a microloan program that would provide loans ranging from \$500 to \$15,000 for Montgomery County residents needing additional help to start small businesses.

Program Goals: The program seeks to provide financial assistance to start-up businesses that lack access to traditional means of capital financing.

Program Mechanics: The Department of Finance was charged with administering the program through the Economic Development Fund. The Department has contracted with two experienced microloan providers - Latino Economic Development Corporation (LEDC) and Life Asset - to underwrite and monitor a portfolio of microloans generated through the Microloan Program.

These contracted providers are required to respectively develop and administer a culturally proficient microlending program that uses materials in multiple languages that are reflective of the County's population. Businesses receiving microloans through the program must be located in the County and must participate in educational and technical assistance offered by the program providers.

Funds appropriated for the Microloan Program are disbursed to the contracted providers in \$50,000 increments on a first come, first serve basis. The providers are required to provide reports on a quarterly basis as to loan recipients, the purpose of the loan, and the names of the businesses receiving the loan. To date, the microloan providers have received \$400,000 from the program. In total, for Calendar Years 2018 through 2021, 227 Montgomery County small businesses have received loans totaling \$818,624\*, for an overall average loan amount of \$3,606.

### Program Summary

	CY 2018	CY 2019	CY2020	CY2021	Totals:
<b>Life Asset:</b>					
Total Microloans Provided	50	51	84	0	185
Total Dollar Amount Awarded <sup>20</sup>	\$103,798	\$102,200	\$295,850	\$0	\$501,848
					Average loan: \$2,713
<b>LEDC:</b>					
Total Microloans Provided	11	13	3	15	42
Total Dollar Amount Awarded	\$89,287	\$89,030	\$39,142	\$99,317	\$316,776
					Average loan: \$7,542

<sup>20</sup> Life Asset leveraged the funding received from Montgomery County and borrowed \$333,333 in 2019 and \$180,600 in 2020 from the U.S. Small Business Administration (SBA) in order to support more small businesses in the County. Those numbers are reflected in these totals.

## **Bethesda Green Be Green Hub Incubator Program (Formerly the Green Investor Incentive Program - GIIP)**

Bill 40-12 Economic Development - Green Investor Incentive Program was enacted on April 16, 2013 and established in Section 20-76C of the Montgomery County Code. The legislation established a program to incentivize investment in Montgomery County-based companies that create Green products or provide Green services. The legislation defines a Green product or service as one that measures, prevents, limits, minimizes, or corrects environmental damage to water, air, or soil, as well as problems related to waste, ecosystems, biodiversity, habitat, or natural resource depletion. All claims related to environmental attributes, as applicable, for a product or service, must conform to guidelines published by the Federal Trade Commission or other appropriate entity designated by the Director of Environmental Protection.

Program Goals: The initial goal of the program was to provide a cash supplement to investors for their investment in Montgomery County-based companies as a means of attracting additional investment. However, no investors expressed interest in the program, and its initial appropriation was repurposed, with County Council approval, as an Economic Development Fund conditional grant to the Bethesda Green Incubator for the purpose of providing seed investments in qualified tenants of the Bethesda Green Incubator.

Program Mechanics: Initially established in 2013 as the Be Green Investor Incentive Program, investors in Montgomery County-based Green companies could receive a cash supplement for their investment, up to a maximum amount of \$50,000. The program required Green companies to be designated as a sustainable operation through third-party validation by one of the following entities: the Green Business Certification Program, as certified by the Department of Environmental Protection; B Corp Certification from B Lab; Green America Gold Certification; Green Seal Certification; International Organization for Standardization ISO 14001 Certification; or any other third party validation approved by the Department of Environmental Protection. Companies receiving the investment had to be in operation for less than 10 years and have less than 50 employees. Investors had to invest a minimum of at least \$25,000, and that investment could not represent an ownership interest in the company of 25% or greater. The supplement received by the investor could not exceed the lesser of:

- (1) 50% of the investment made by the qualified investor in that fiscal year;
- (2) 15% of the total annual and supplement appropriation for the green investor incentive program in that fiscal year; or
- (3) \$50,000.

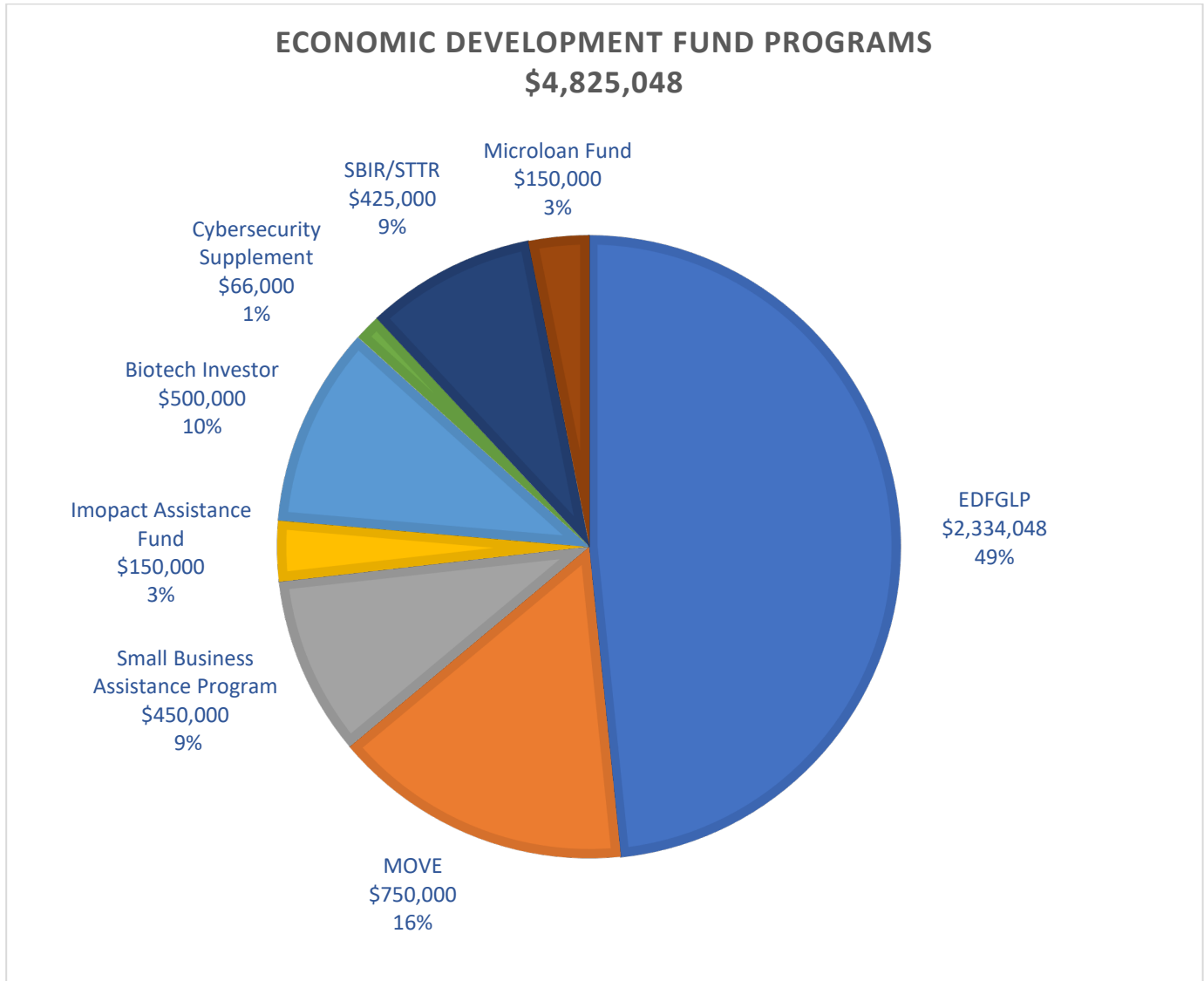
The Green Investor Incentive Program did not generate the interest that was anticipated, and in 2017 the County Council consented to a request by the County Executive to reallocate the program's initial \$250,000 appropriation for an Economic Development Fund conditional grant to the Bethesda Green Incubator. The Incubator is focused on green business development to ensure compatibility between economic development and environmental protection. Bethesda Green proposed the establishment of a Be Green Investor Program, which would provide seed funding for Incubator tenants that meet eligibility requirements for investment. The County's conditional grant would partially fund the Be Green Investor Program. As a condition of the County's \$250,000 conditional grant, additional funding from an alternative source was required, with a minimum contribution of \$100,000. In 2018, Bethesda Green obtained \$150,000 from the Diana Davis Foundation and County funds were disbursed.

Under the terms of the EDFA, Bethesda Green is required to make at least \$175,000 of direct investments into member companies at the Incubator (now called the Innovation Lab) by December 31, 2021. Due to the Covid -19 pandemic Bethesda Green requested that the target date for direct investments be extended to December 31, 2022. Through calendar year 2021, Bethesda Green has invested a total of \$110,000 into the following companies:

<b>Company Name</b>	<b>Investment to Date</b>	<b>Product/Service Developed</b>
DGrid Energy	\$20,000	Developing solar-powered cold chain solutions to manage the temperature of perishable products in order to maintain quality and safety, from the point of origin to the final consumer
GOEFER	\$25,000	Developing solutions to reduce energy waste from equipment using common 120 volt electrical plugs
Elysian Holdings	\$15,000	Developing compostable packaging produced from industrial hemp
Living Canopies	\$15,000	Developing solar-powered irrigation systems to support a plant-based alternative to plastic patio umbrellas
Grateful Gardeners	\$10,000	Conducting research on the viability of blooming plants in an aquaponic environment
Living Canopies	\$15,000	Developing consumer products to grow above-ground vegetation utilizing rainwater capture.
Paradigm One	\$10,000	Subscription-based provider of reusable food containers to the food service industry.
	<b>\$110,000</b>	<b>Total Investment Through 2021</b>

Bethesda Green reported that despite investment from the Innovation Lab GOEFER was unable to sustain its operations during the COVID-19 pandemic and has closed.

## Budgeted Funds by EDF Program for Calendar Year 2021<sup>21</sup>



<sup>21</sup> The Budget for Calendar Year 2021 that is represented above is derived from last 6 months of the approved FY21 Economic Development Fund budget (January - June 2021) and the first 6 months of the approved FY22 Economic Development Fund budget (July - December 2021). In both years, the appropriated amounts for each of the programs presented above remained at the same levels in FY21 and FY22, with the exception of the Economic Development Grant and Loan Program (EDFGLP). The EDFGLP amount presented above is equivalent to adding one half of the FY21 EDFGLP appropriation of \$2,668,418 and one half of the FY22 EDFGLP appropriation of \$1,999,677.

## **APPENDICES**

## Appendix A: Economic Development Fund Grant & Loan Program (EDFGLP) Ongoing and Committed Transactions

Recipient	Maximum Funding Amount	Annual Funding Amount	FYs of Funding	Remaining Commitment	Notes
5600 Fishers Lane, LLC	\$19,500,000	Up to \$1,300,000 for 15 years	FY18 - 32	\$13,000,000	Annual amount is based on real property value at Project Site.
Meso Scale Diagnostics <sup>22</sup>	\$1,670,000	Up to \$167,000 for 10 years	FY14 - 17	Property valuation does not support additional funding after 3 <sup>rd</sup> year of grant term.	First three years, \$167,000, with remaining incentive to be based on increase in real property values at Project Site.
Marriott International, Inc.	\$22,000,000	\$5,500,000 annually for 4 years	FY19 - 22	\$0	Fourth and final annual disbursement of \$5,000,000 was made in August 2021
HMS Host, Inc.	\$500,000	\$100,000 annually for 3 years and final payment of \$200,000 in year 10	FY19 - 28	\$200,000	Final payment is not due until 10 <sup>th</sup> year of agreement (2028).
Federal Realty Investment Trust <sup>23</sup>	\$1,500,000	\$250,000 annually for 6 years	FY21 - 26	\$1,000,000	Second Phase of \$5,000,000 EDF conditional grant, subject to final capital expenditure in FY23.
<b>Totals</b>	<b>\$43,670,000</b>	<b>\$ 6,967,500</b>		<b>\$13,200,000</b>	

<sup>22</sup> Maximum funding amount for this incentive was limited to the initial 3 years of the grant, as the remainder of disbursements were contingent upon achieving anticipated increases in assessed valuation of real property and the resulting property taxes levied.

<sup>23</sup> Total conditional grant of \$5 million with initial \$3.5 million disbursement secured by assignment of WSSC System Development Charge credits.

**Appendix B: Economic Development Fund Grant & Loan Program (EDFGLP)  
Awards for Calendar Year 2021**

Recipient	Award	Status	Purpose	Industry	Location
TCR <sup>2</sup> Therapeutics, Inc	\$100,000	Pending	Attraction	Biomanufacturing	Rockville
Inotiv, Inc.	\$50,000	Pending	Attraction	Biotechnology	Rockville
<b>Totals</b>	<b>\$150,000</b>				

**Appendix C: MOVE Grants Awarded in Calendar Year 2021**

Recipient	Award Value	Square Feet	Industry	Location	Initial Jobs	Projected Jobs (3 Yrs.)
Autosled	\$29,952	3,744	Automotive Logistics	Rockville	5	20
Core Strategy Partners, Inc.	\$3,472	434	Consulting	Silver Spring	1	3
Sculptd, LLC	\$5,520	691	Personal Services	Silver Spring	1	5
Subsurface & Tunnel Engineering, LLC	\$20,112	2,514	Civil Engineering	Gaithersburg	1	6
SmarTest Labs, LLC	\$13,432	1,679	Medical Services	Gaithersburg	2	4
Real Connect, LLC	\$18,888	2,361	Real Estate	Gaithersburg	4	15
Silvec Biologics, Inc.	\$48,000	6,000	Agricultural Biotechnology	Gaithersburg	6	20
International Cultural Bridge Group	\$9,144	1,143	Education	Rockville	2	6
Orchid Bioadvisory, LLC	\$56,488	7,061	Biotechnology	Rockville	14	50
Mission Autism Clinics	\$72,512	9,064	Behavioral Healthcare	Silver Spring	0	35
Kim Engineering, Inc.	\$32,976	4,122	Engineering	Rockville	19	15
<b>Totals</b>	<b>\$310,496</b>	<b>38,813</b>			<b>54</b>	<b>180</b>



**Appendix D: Montgomery County Companies with Investors Receiving 2020<sup>24</sup>  
Biotech Investor Incentive Supplements**

<b>Company</b>	<b>No. of Investors</b>	<b>Investment Received</b>	<b>County Support to Investors</b>
American Gene Technologies, Inc.	6	\$3,000,000	\$213,442
Cellphire, Inc.	1	\$40,000	\$2,846
miRecule, Inc.	4	\$1,372,000	\$97,614
DxNow, Inc.	16	\$1,600,667	\$106,769
Hermetics Biotechnologies, Inc.	10	\$1,415,000	\$79,329
<b>Totals</b>	<b>37</b>	<b>\$7,427,667</b>	<b>\$500,000</b>

**Appendix E: Montgomery County Companies with Investors Receiving 2020<sup>25</sup>  
Cybersecurity Investor Incentive Supplements**

<b>Company</b>	<b>No. of Investors</b>	<b>Investment Received</b>	<b>County Support to Investors</b>
None*	0	\$0	\$0
<b>Totals</b>	<b>4</b>	<b>\$0</b>	<b>\$66,000</b>

<sup>24</sup> Supplements paid in Calendar Year 2021 are attributable to Biotechnology Investment Tax Credits for 2020

<sup>25</sup> There were no Cybersecurity Investor Incentive Supplements paid in Calendar Year 2020 as the State of Maryland did not certify any Montgomery County company as eligible to receive Cybersecurity Investor Incentive Tax Credits.

**Appendix F: Montgomery County Small Business Assistance Program (SBAP)  
Grant Recipients For CY2021**

	<b>Business</b>	<b>SBAP Funds Received in CY 2021</b>
1.	Chang & Mi, Inc. d/b/a Moby Dick Seafood	\$9,327
2.	Hannon, Inc. d/b/a Little Bitts Shoppe	\$125,000
3.	Kantutas Restaurant	\$31,132
4.	Stratus International, LLC T/A Super Chicken	\$125,000
5.	Graciano & Associates, LLC	\$50,263
6.	Netview Communication, LLC	\$125,000
7.	Thor Enterprises, Inc.	\$4,703
8.	Caliente Restaurant and Bar Corp.	\$35,531
10.	Samser Travel	\$17,753
	<b>TOTAL:</b>	<b>\$523,709</b>

**Appendix G: Impact Assistance Fund (IAF) Grant Recipients For CY 21<sup>26</sup>**

	<b>Company</b>	<b>Project Location</b>	<b>IAF Funds Received in CY2020</b>
	None	N/A	\$0
	<b>TOTAL:</b>		<b>\$0</b>

<sup>26</sup> For Calendar Year 2021, no applications were received, or grants disbursed from the Impact Assistance Fund.

## Appendix H: SBIR/STTR Matching Grant Recipients For CY2021

Recipient Name	Phase I or II	County Award Amount	Location	Federal Grant Award
Quality Biological, Inc.	I	\$25,000	Gaithersburg	\$169,893
Cogtheria, LLC	I	\$25,000	Bethesda	\$164,183
Cascade Therapeutics, Inc	I	\$25,000	Potomac	\$256,500
Sanaria, Inc.	II	\$75,000	Rockville	\$2,928,925
Weinberg Medical Physics, Inc.	II	\$75,000	North Bethesda	\$1,459,744
Trophogen, Inc.	II	\$75,000	Rockville	\$1,460,767
Creative BioPeptides, Inc.	I	\$25,000	Potomac	\$499,860
Rise Therapeutics, Inc.	I	\$25,000	Rockville	\$1,843,134
Prime Time Life Sciences, Inc.	II	\$75,000	Germantown	\$2,583,087
MS Technologies Corporation	II	\$50,000	Rockville	\$2,472,713
MedApptic, LLC	I	\$25,000	Germantown	\$225,000
Silvec Biologics	I	\$25,000	Gaithersburg	\$255,990
<b>Subtotal Phase I</b>	<b>7</b>	<b>\$175,000</b>		<b>\$3,413,560</b>
<b>Subtotal Phase II</b>	<b>5</b>	<b>\$350,000</b>		<b>\$10,905,236</b>
<b>Total</b>	<b>12</b>	<b>\$525,000</b>		<b>\$14,318,796</b>

## Appendix I: Summary Description of Inactive EDF Programs

### Equity Investment Program

Program Goals: Provided equity investments to select businesses. This program was used in lieu of a traditional EDFGLP agreement when projects could not yield traditional performance milestones.

Program Mechanics: The County executed closing documents for an investment round issued by the business. The business was required to remain in the County for an agreed upon term, and in the event of a successful exit, the County received its investment and a prorated portion of the valuation increase.

Program Summary: The County invested in three businesses in FY 2014 for a total of \$255,000. ReelGenie, LLC received an investment of \$55K. The company was liquidated in December 2014. The County received \$3,525.27 on its investment. MobileSystems LLC received an investment of \$100K. The County did not continue to invest in follow-on funding and thus remained in a junior position to other investors. In April 2016 the assets of the company were sold. The County received \$0 on its investment. CytImmune received an investment of \$100K. The company currently remains in operation in Montgomery County.

### Technology Growth Program (TGP)

Program Goals: Provided grants to early stage technology businesses.

Program Mechanics: Each business was required to execute a TGP Agreement that would require repayment, if and only if, the business achieved certain investment or revenue thresholds. If those thresholds were not met, the grant would be forgiven.

The TGP is inactive and no longer funding companies; the final year for awards was FY 2012. All open TGP cases were closed in 2016, so the data provided below is a summary for the program.

### Program Summary (FY 2001 - 2016)

Outcome	Recipients	Award Amount	Private Funding	Repaid Amount
Grant forgiven	45	\$2,345,000	\$10,630,250	\$0
Grant Repaid	21	\$1,285,000	\$26,674,510	\$1,187,693
Forwarded to Collection	6	\$425,000	\$6,187,170	\$0
<b>Totals</b>	<b>72</b>	<b>\$4,055,000</b>	<b>\$43,491,930</b>	<b>\$1,187,693</b>

### Small Business Revolving Loan Program (SBRLP)

Program Goals: Provided financing for Montgomery County small businesses that lacked access to traditional funding sources (e.g. banks).

Program Mechanics: Each business was required to execute a loan agreement that detailed the term and repayment conditions of the loan. In addition, recipients had to execute a personal guarantee in the event of default.

The SBRLP is inactive and no longer funding companies. The Microloan Program was established in 2017 to provide an alternative small business financing option. The final year for awards was FY 2015. The data provided below is a summary for the program.

### Ten-year Summary of Outcomes (Report Years 2012 - 2021)

Outcome	Number of Cases	Loaned Amount	Outstanding Balance	Repaid Amount <sup>27</sup>	Written-off Amount	Current Jobs <sup>28</sup>
<b>Closed Cases</b>						
Fully paid-off	14	\$724,000	-	\$724,000	-	136
Partial Repayment – Written off	8	\$348,000	-	\$64,090	\$283,910	24
Full write-off	15 <sup>29</sup>	\$980,714	-	-	\$980,714	6
<b>Total All Cases</b>	<b>37</b>	<b>\$1,844,008</b>	<b>-</b>	<b>\$788,090</b>	<b>\$1,264,624</b>	<b>166</b>

### Inactive/Discontinued Programs

The table below identifies previous programs that had been supported through the Economic Development Fund but have become either Inactive or Discontinued.

Inactive or Discontinued Programs	Year Established	Cumulative Assistance Provided
Emergency Agricultural	FY 1998	\$1,500,000
Technology Growth Program	FY 1999	\$4,055,000
Small Business Revolving Loan Program (SBRLP)	FY 2000	\$2,535,959
Demolition Loan Program	FY 2000	\$100,000
Export Montgomery	FY 2001	\$12,000
Micro-Enterprise	FY 2008	Merged into SBRLP
Equity Investment Program	FY 2013	\$255,000
Green Investor Incentive Program (replaced by Bethesda Green's - Be Green Incubator Hub <sup>30</sup> )	FY 2013	\$0

<sup>27</sup> Includes interest and loan fees

<sup>28</sup> Data was collected from Maryland Quarterly Census of Employment and Wages reports, when available.

<sup>29</sup> Nine loans have been inactive for over one year and will be reviewed with OCA for further action to resolve delinquencies.

<sup>30</sup> In 2017 the initial \$250,000 in funding for the Green Investor Incentive program was reallocated to the Economic Development Fund Grant & Loan Program for a conditional grant to the Bethesda Green Incubator to establish its Be Green Investor Fund.