


**MEMORANDUM**

July 20, 2017

TO: Planning, Housing and Economic Development Committee

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Worksession:** Bill 4-17, Economic Development Fund – Small Business Assistance Program – Amendments

**Expected attendees:**

Alex Espinosa, Director of Finance  
Peter McGinnity, Finance

Bill 4-17, Economic Development Fund – Small Business Assistance Program - Amendments, sponsored by Lead Sponsor Councilmember Elrich and Co-Sponsors, Councilmembers Floreen, Katz, Rice, and Council President Berliner was introduced on March 7. A public hearing was held on April 4.

Bill 4-17 would expand the eligibility for grants or loans under the small business assistance program.

**Background**

Bill 6-12, enacted on April 17, 2012 and signed into law on April 26, 2012, established a program to assist small businesses located in either an enterprise zone<sup>1</sup> or an urban renewal area<sup>2</sup> of the County who are adversely impacted by a County redevelopment project or a redevelopment project located on County property. The Bill required the Director of the Department of Economic Development to create and operate the program. The operation of the program was transferred to the Director of Finance as part of the law creating the Montgomery County Economic Development Corporation and eliminating the Department of Economic Development. Subject to Council appropriation, the Director may award a grant or loan from the Economic Development Fund (EDF) to an eligible small business and provide technical assistance and training to a small business receiving financial assistance under the program.

The construction of a new office building for the Maryland-National Capital Park and Planning Commission and several County Departments in Wheaton<sup>3</sup> was the County project that

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<sup>1</sup> An enterprise zone must be designated by the Maryland Department of Business and Economic Development.

<sup>2</sup> An urban renewal area must be designated by the Council.

<sup>3</sup> The 3 current enterprise zones in the County are Long Branch/Takoma Park, Wheaton, and Old Towne Gaithersburg.

inspired Bill 6-12. The groundbreaking for the Wheaton Revitalization Project was held on June 4, 2017.

Bill 4-17 would expand this program to a business adversely impacted by a County redevelopment project located in a Parking Lot District. Section 60-1 established parking lot districts in Bethesda, Wheaton, Silver Spring, and Montgomery Hills. The Bill would also expand the definition of a County redevelopment project to include a project constructed by a private entity for use, in whole or in part, by the County as a public facility.

### **Public Hearing**

The lone speaker, County Finance Director Alex Espinosa, testifying on behalf of the Executive, requested amendments to the Bill. See ©12-14. Mr. Espinosa argued that the Bill, as introduced, would likely expand the scope of the existing Small Business Assistance Program to a level that would not be financially sustainable. Mr. Espinosa suggested that the scope of the Bill be reduced to cover only currently approved projects or limit the assistance to a one-time up-front payment not based on compensation for lost profit.

### **Issues**

#### **1. What is the fiscal and economic impact of the Bill?**

The Regulations adopted by the Executive and approved by the Council to implement the Small Business Assistance Program authorizes a grant or loan to an eligible small business up to \$75,000 based upon loss of net profit during the redevelopment project. See, COMCOR §20.76B.01.05. Based upon average compensation of between \$37,500 and \$75,000, OMB estimated the fiscal impact of compensating the estimated 125 small businesses that could be adversely affected by either the Wheaton project or the Parking Lot #3 in Silver Spring to be between \$2.25 million and \$9.38 million. OMB also estimated the cost to add 2 full-time positions to administer the Program to be \$227,380 annually.

However, the fiscal impact includes the cost to compensate approximately 90 small businesses that could be affected by the Wheaton project under the current law. Bill 4-17 would expand the eligibility to up to 35 additional small businesses already affected by the Parking Lot #3 ongoing project in Silver Spring. Therefore, the immediate fiscal impact of Bill 4-17 would be the compensation for these additional 35 businesses. OMB could not estimate the fiscal impact of compensating businesses that may be adversely affected by future projects in any parking lot district.

#### **2. Should the scope of the Bill be reduced?**

The Executive suggested that the fiscal impact of expanding the Program to a redevelopment project in any parking lot district would be unsustainable. The Executive suggested 2 alternatives – reduce the maximum compensation below the \$75,000 authorized in the regulations or limit the projects to the already known Wheaton project and the ongoing Parking Lot #3 redevelopment in Silver Spring.

Reducing the maximum compensation to a business can be done by amending the regulations. Bill 6-12 did not establish a maximum payout and did not require the compensation to be based upon net lost profit. The Executive Regulation established these limitations. Reducing the maximum compensation for an individual business would adversely affect the businesses in Wheaton that had a reasonable expectation based upon Bill 6-12 and the implementing regulations before the project began construction. Council staff does not recommend this approach.

Amending the Bill to include only projects already under construction or fully approved (Wheaton and Silver Spring) would not take away the reasonable expectations of any business. It would, however, limit the life of the Program to these 2 projects. Undoubtedly there will be future redevelopment projects in other areas of the County that may adversely affect small businesses. The Council can consider adding new projects to the Program after the potential fiscal impact can be estimated.

The original intent of the Bill was to limit the Program to areas of the County that were undergoing revitalization – enterprise zones and urban renewal areas. Expanding the Program to Parking Lot Districts would add Bethesda, Silver Spring, and Montgomery Hills. One possibility to add just Silver Spring would be to include a project located in an Enterprise Zone or a former Enterprise Zone as was done for the transportation development impact tax exemption. See County Code §52-41(g). This would capture both the Wheaton project and the Parking Lot #3 project in Silver Spring without ending the Program. The Council could add future revitalization areas as desired.

### **3. Should the Bill be enacted?**

Bill 4-17, as introduced, would create an additional cost for each new County redevelopment project. The Bill would move away from the original intent to help mitigate the adverse impacts on small businesses from a County redevelopment project located in an area that is undergoing revitalization. Although a small business may be adversely impacted by a County redevelopment project in any area of the County, the Committee must decide how best to allocate limited County resources for future redevelopment projects.

Implementation of this Bill in FY18 would require a supplemental appropriation. In the FY18 operating budget, the Council appropriated \$200,000 for the Economic Development Fund to provide financial assistance to impacted businesses in Wheaton and \$360,000 in the NDA for the Montgomery Economic Development Corporation to provide technical assistance for these businesses through the County's community partners. The groundbreaking for the Wheaton Revitalization Project occurred on June 4, 2017. Adding new County projects to this program would require additional resources.

This packet contains:

Bill 4-17

Legislative Request Report

Fiscal and Economic Impact statement

Testimony of Alex Espinosa

Circle #

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Bill No. 4-17  
Concerning: Economic Development  
Fund – Small Business Assistance  
Program - Amendments  
Revised: 3/2/2017 Draft No. 4  
Introduced: March 7, 2017  
Expires: September 7, 2018  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsor: Councilmember Elrich  
Co-Sponsors: Councilmembers Floreen, Katz, Rice, and Council President Berliner

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**AN ACT** to:

- (1) expand the eligibility for grants or loans under the small business assistance program; and
- (2) amend the laws governing the small business assistance program.

By amending

Montgomery County Code  
Chapter 20, Finance  
Section 20-76B

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
<b>[Single boldface brackets]</b>	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
<b>[[Double boldface brackets]]</b>	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

**Sec. 1. Section 20-76B is amended as follows:**

**20-76B. Small Business Assistance Program.**

(a) *Definitions.* As used in this Section:

*Adverse impact* means a loss of revenue resulting from a redevelopment project.

*Director* means the Director of the Department of Finance.

*Enterprise zone* means an area designated under Maryland Code, Economic Development Article, Section 5-704 or any successor provision.

*Fund* means the Economic Development Fund established in Section 20-73.

*Parking lot district* means a geographical area of the County established as a parking lot district in Section 60-1.

*Program* means the Small Business Assistance Program.

*Redevelopment project* means any construction, alteration, or improvement in an urban renewal area, [or] an enterprise zone, or a parking lot district where the existing land use is commercial or industrial and is:

- (1) located on property owned by the County; [or]
- (2) financed in whole or in part by the County; or
- (3) a project constructed by a private entity for use, in whole or in part, by the County as a public facility.

*Small business* means a privately owned business that meets the requirements of Section 11B-65(a).

*Technical assistance* means training directly related to operating a small business provided by an educational institution or a non-profit organization approved by the Director.

*Urban renewal area* means an area of the County as defined in Section 56-9(f).

(b) *Establishment of Program.* Subject to appropriation, the Director must create and administer a Small Business Assistance Program to assist small businesses who are adversely impacted by a redevelopment project.

(c) *Eligibility.* The Director, based upon information submitted by the applicant for assistance, must find that:

- (1) the applicant is the owner of an existing small business located near an ongoing or future redevelopment project that is planned to begin construction in less than 12 months after the application;
- (2) the applicant's small business is currently or is likely to be adversely impacted by the redevelopment project; and
- (3) the applicant's small business is financially healthy and likely to continue operating for the foreseeable future.

(d) *Conditions.* The Director may impose reasonable conditions on a small business, including the successful completion of approved technical assistance training, in order to receive financial assistance from the Fund under the Program.

(e) *Financial assistance.* The Director may award a grant or loan from the Fund to an eligible small business under the Program.

(f) *Regulations.* The Executive must adopt method 2 regulations to implement this Section. The regulations must:

- (1) require the Director to compile and maintain a list of approved technical training courses on the appropriate website;
- (2) specify the application procedures and eligibility criteria for a grant or loan to a small business under the Program;

- 54 (3) specify conditions that the Director may impose on a small  
 55 business in order to receive financial assistance from the Fund  
 56 under the Program;
- 57 (4) define what constitutes an adverse impact on a small business;
- 58 (5) define what constitutes financial health of a small business; and
- 59 (6) identify outreach methods and marketing strategies to inform local  
 60 small businesses of the program.
- 61 (g) *Reports.* On or before March 31 of each year, the Executive must report  
 62 to the Council on the activities of the Program. The report must include:
- 63 (1) the number of small businesses participating in the Program;
- 64 (2) the number and dollar amount of grants and loans made; and
- 65 (3) an evaluation of the impact of each grant or loan on the operation  
 66 of the small business.

67 *Approved:*

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Roger Berliner, President, County Council

Date

69 *Approved:*

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Isiah Leggett, County Executive

Date

71 *This is a correct copy of Council action.*

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Linda M. Lauer, Clerk of the Council

Date

## LEGISLATIVE REQUEST REPORT

Bill 4-17

*Economic Development Fund – Small Business Assistance Program – Amendments*

**DESCRIPTION:** Bill 4-17 would expand the existing small business assistance program to a business adversely impacted by a County redevelopment project located in a Parking Lot District. Section 60-1 established parking lot districts in Bethesda, Wheaton, Silver Spring, and Montgomery Hills. The Bill would also expand the definition of a County redevelopment project to include a project constructed by a private entity for use, in whole or in part, by the County as a public facility.

**PROBLEM:** The existing small business assistance program is limited to County redevelopment projects located in an enterprise zone or an urban renewal area. There are County redevelopment projects located outside of these areas that also adversely affect small businesses.

**GOALS AND OBJECTIVES:** The goal is to expand the program to other areas of the County where small businesses are similarly affected.

**COORDINATION:** Finance, OMB

**FISCAL IMPACT:** Office of Management and Budget

**ECONOMIC IMPACT:** To be researched.

**EVALUATION:** N/A

**EXPERIENCE ELSEWHERE:** To be researched.

**SOURCE OF INFORMATION:** Robert H. Drummer, Senior Legislative Attorney

**APPLICATION WITHIN MUNICIPALITIES:** Applicable.

**PENALTIES:** None



**Fiscal Impact Statement  
Council Bill 4-17  
Small Business Assistance Program-Amendments**

**1. Legislative Summary.**

Bill 4-17 would expand the eligibility for grants or loans under the Small Business Assistance Program created by the Bill 6-12 to a business adversely impacted by a County redevelopment project located in a Parking Lot District. Four parking lot districts are established in the County, including Bethesda, Wheaton, Silver Spring, and Montgomery Hills.

The original Bill 6-12 was created to assist small businesses located in either an enterprise zone or an urban renewal area of the County which are adversely impacted by a County redevelopment project (defined as partially or entirely financed by the County) or a redevelopment project located on County property. By this definition, the only eligible County project meeting the eligibility definition was the Wheaton Redevelopment Project. Bill 4-17 would expand the scope of Bill 6-12 to make business adversely impacted by a County redevelopment project located in a Parking Lot District, and expand the definition of a County redevelopment project to include a project constructed by a private entity for use, in whole or in part, by the County as a public facility. One existing project affected by Bill 4-17 is the development of Studio Plaza in the Fenton Village area of downtown Silver Spring that includes the construction of a County parking garage and the closure of Parking Lot District Lot #3.

**2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.**

The estimate of changes in expenditures and revenues cannot be made at this time but will be influenced by the following factors:

- a. The number of County projects and/or projects on County owned property in the four Parking Lot Districts of the County that have either been approved, are in the pipeline, or are in the planning stages;
- b. The number of small businesses that are eligible and financially healthy as defined by Executive Regulation (ER) 24-12AM in the expanded scope that includes County projects and/or projects on County owned property in the four Parking Lot Districts; and
- c. The number of eligible and financially healthy small businesses that experience a loss in net profit.

ER 24-12AM addresses administration of the Small Business Assistance Program created by Bill 6-12 and stipulates a maximum of \$75,000 per eligible and financially healthy small business for the duration of the construction period. This amount is dependent on the ability of the small businesses to provide documentation that supports their eligibility, financial health, and loss of net profit. Based on the maximum compensation, it is estimated that additional County resources in a range of \$2.25M to \$9.38M is likely needed to support impacted businesses seeking financial assistance under proposed Bill 4-17. The cost estimate is based on the following assumptions:

- Approximately 90 businesses may be adversely impacted under the original Bill 6-12, all located in the vicinity of Parking Lot 13 in Wheaton. With proposed Bill 4-17, the number of impacted businesses may increase by approximately 35, all surrounding the Parking Lot #3 in Silver Spring, reaching a total of 125.
- While the exact number of businesses eligible for compensation, or whether each of those adversely impacted businesses will suffer a loss of profit up to the maximum compensation ceiling cannot be determined, some permutations can be evaluated. As shown in the table below, the need of additional County resources can be derived from the following assumptions and calculations:
  - Any impacted business will suffer a net profit loss of at least an average of \$37,500 per year. This amount equates to \$120 a day, based on 6 days per week operation.
  - At least 50% of impacted area businesses will seek financial assistance from the County. This represents approximately between 60 and 125 businesses who are likely to seek financial compensation.

Compensation per Business	No. of Impacted Businesses Seeking Financial Assistance			
	60	80	100	125
\$ 37,500	\$ 2,250,000	\$ 2,400,000	\$ 3,000,000	\$ 3,750,000
\$ 40,000	\$ 2,400,000	\$ 3,200,000	\$ 4,000,000	\$ 5,000,000
\$ 50,000	\$ 3,000,000	\$ 4,000,000	\$ 5,000,000	\$ 6,250,000
\$ 75,000	\$ 4,500,000	\$ 6,000,000	\$ 7,500,000	\$ 9,375,000

- As a result, the fiscal impact to the County could be in the range of \$2.25M to \$9.38M for the current two redevelopment projects in Wheaton and Silver Spring.

Additionally, it is anticipated that up to two full-time equivalent (either contractor or term) Program Manager II positions, Grade 25, will be needed to administer and manage the expanded definition and eligibility of adversely impacted businesses as defined in Bill 4-17. The total cost estimate of two contractors or term positions would be approximately \$227,380 (each position is estimated at \$109,190 for PC and \$4,500 for OE).

**3. Revenue and expenditure estimates covering at least the next 6 fiscal years.**

Revenue and expenditure estimates are unknown at this time due to the variables listed in #2.

**4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.**

Not applicable.

**5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.**

Not applicable.

**6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.**

The number of redevelopment projects, as defined by Montgomery County Code 20-76B, would be expanded by Bill 4-17 which could increase adverse impacts on small businesses as defined by the program in the County and increase future spending.

**7. An estimate of the staff time needed to implement the bill.**

Similar to Bill 6-12, proposed Bill 4-17 allows applicants to apply 12 months prior to any redevelopment project actually impacting their business. As such, staff involvement with administering this Small Business Assistance Program can begin as soon as funds for a redevelopment plan are appropriated, much earlier than when redevelopment construction actually begins.

To carry out the duties as required by Bill 4-17, the following are anticipated work scope of staff:

- a. Coordination with the Department of General Services and/or Department of Transportation on current and future redevelopment projects and their impact on business conditions in the affected area;
- b. Assessing the type of businesses that could be impacted, and the nature and extent of the impacts;
- c. Marketing the program and conducting business visits;
- d. Assisting in the application process, reviewing applications, auditing/monitoring the business for financial health, and underwrite the conditional grant or loan package;
- e. Conducting performance monitoring and loan servicing/loan workout, and
- f. Assembling, evaluating and monitoring various technical training programs that can assist the businesses.

As indicated in #2, it is anticipated that up to two full-time equivalent (either contractor or term) Program Manager II positions, Grade 25, will be required to manage the Small Business Assistance Program at an estimated cost of approximately \$227,380.

**8. An explanation of how the addition of new staff responsibilities would affect other duties.**

The additional new staff is anticipated to be fully occupied with delivering the mandated services to eligible businesses in the Wheaton area as required by Bill 6-12 and eligible businesses in four Parking Lot Districts under proposed Bill 4-17.

**9. An estimate of costs when an additional appropriation is needed.**

See #2 and #7 for the estimated costs to administer the Small Business Assistance Program and provide financial assistance to impacted businesses. It is unknown at this time how much would be needed for financial assistance. However, an additional appropriation is needed to implement the program as the existing funding level in the EDF would be insufficient to meet the anticipated need.

**10. A description of any variable that could affect revenue and cost estimates.**

Descriptions of variables that may impact revenue and cost estimates are in responses for #2, #6, and #7.

- a. The number of County projects that have either been approved, are in the pipeline, or are in the planning stages;
- b. The number of small businesses that are eligible and financially healthy as defined by ER 24-12AM; and
- c. The number of eligible and financially healthy small businesses that experience a loss in net profit.

**11. Ranges of revenue or expenditures that are uncertain or difficult to project.**

All revenue or expenditures are difficult to project at this time due to the variables described in #2.

**12. If a bill is likely to have no fiscal impact, why that is the case.**

The proposed legislation would have a fiscal impact as described in #9.

**13. Other fiscal impacts or comments.**


None.

**14. The following contributed to and concurred with this analysis:**

Peter Bang, Economic Development Manager, Department of Finance

Pofen Salem, Office of Management and Budget

Deborah Lambert, Office of Management and Budget

  
Jennifer A. Hughes, Director  
Office of Management and Budget

4/10/17  
Date

**Economic Impact Statement**  
**Bill 4-17 Economic Development Fund – Small Business Assistance Program –**  
**Amendments**

**Background:**

Bill 4-17 would expand the existing small business assistance program to a business adversely impacted by a County redevelopment project located in a Parking Lot District. The existing small business assistance program is limited to County redevelopment projects located in an enterprise zone or an urban renewal area. There are County redevelopment projects located outside of these areas that also adversely affect small businesses.

The original Bill 6-12 was created to assist small businesses located in either an enterprise zone or an urban renewal area of the County that are adversely impacted by a County redevelopment project (defined as partially or entirely financed by the County) or a redevelopment project located on County property. By this definition, the only eligible County project meeting the eligibility definition was the Wheaton Redevelopment Project. Bill 4-17 would expand Bill 6-12 to include businesses adversely impacted by a County redevelopment project located in a Parking Lot District, and expand the definition of a County redevelopment project to include a project constructed by a private entity for use, in whole or in part, by the County as a public facility.

**1. The sources of information, assumptions, and methodologies used**

- Montgomery County Economic Development Corporation Year-End Market Report 2016
- MCDOT Montgomery County Department of Transportation

**2. A description of any variable that could affect the economic impact estimates.**

Variables that could affect economic impact estimates include:

- A. The size and scope of County-funded redevelopment projects in the four Parking Lot Districts including Bethesda, Wheaton, Silver Spring, and Montgomery Hills;
- B. The size and scope of private redevelopment projects constructed for use, in whole or in part, by the County as a public facility in the four Parking Lot Districts;
- C. The number of small businesses that are eligible and financially healthy as defined by original Bill 6-12;
- D. The number of eligible and financially healthy small businesses that experience a loss in net profit. Executive Regulation 24-12AM, prepared to administer the Small Business Assistance Program created by Bill 6-12, stipulates a maximum of \$75,000 per eligible and financially healthy small business. This amount is dependent on the ability of the small businesses to provide documentation that supports their eligibility, financial health, and loss of net profit.
- E. The total amount of economic assistance provided to affect small businesses.

**Economic Impact Statement**  
**Bill 4-17 Economic Development Fund – Small Business Assistance Program –**  
**Amendments**

- 3. The Bill's positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.**

The legislation seeks to expand the mitigation of adverse impacts of future County fostered redevelopment projects as defined by Bill 6-12 on nearby small businesses that are otherwise financially healthy specifically located in Parking Lot Districts. One project that would be eligible under this legislation is the development of Studio Plaza in the Fenton Village area of downtown Silver Spring that includes the construction of a County parking garage and the closure of Parking Lot District Lot 3. Approximately 35 businesses are near this project and may experience disruption during construction.

An estimated economic impact cannot be quantified with specificity on employment, spending, savings, investment, incomes, or property values given a lack of data enumerating the number of dependent businesses affected and receiving aid, the total amount of aid deployed, and the number of employees affected as well as their respective industry. The analysis would also need to consider whether the aid was necessary to retain the entire business or would address revenue shortfalls during implementation of the redevelopment project.

- 4. If a Bill is likely to have no economic impact, why is that the case?**

See number 3.

- 5. The following contributed to or concurred with this analysis:**

David Platt, Dennis Hetman, and Robert Hagedoorn, Finance.

Karen A. Hawkins, Acting Director  
Alexandre A. Espinosa, Director  
Department of Finance

4/13/17  
Date

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**Testimony on behalf of County Executive Isiah Leggett on  
Bill 4-17, Economic Development Fund– Small Business Assistance Program-  
Amendments**

**April 4, 2017**

Good afternoon. My name is Alex Espinosa, and I am the Director of the Montgomery County Department of Finance. I am here today testifying on behalf of the County Executive to urge the County Council modify Bill 4-17 or consider an alternative method to achieve its intent.

Bill 4-17 would expand the scope of the Small Business Assistance Program (Program), established by Bill 6-12, to include businesses that are adversely impacted by a County redevelopment project located in a Parking Lot District, and expand the definition of a County redevelopment project to include a project constructed by a private entity for use, in whole or in part, by the County as a public facility.

Unlike Bill 6-12, which was drafted narrowly and currently only covers the Wheaton Redevelopment project, Bill 4-17 would significantly broaden the Program's scope of potential eligibility. The Bill would not only cover the current Silver Spring Parking District Lot 3 project, but also any future County redevelopment project in the four parking lot districts.

The County Executive's main concern is that Bill 4-17, as written, will not be sustainable. While we cannot determine the exact number of businesses eligible for financial assistance under the legislation, or whether each of those businesses

will experience a loss of profit up to the maximum amount of assistance currently set by Executive Regulation 24-12, we believe that for just the two projects in Wheaton and Silver Spring as many as 125 businesses may be eligible for assistance under an expanded Program. The fiscal impact of Bill 4-17 could be up to \$2.6 million on top of the assistance Wheaton businesses may be eligible to receive. Unlike Bill 6-12's narrow focus, Bill 4-17 has a much broader potential fiscal impact to the County.

The County Executive is also concerned about the method of assisting impacted business under the Program's current maximum of \$75,000. Similar programs in other jurisdictions have awarded upfront, one-time assistance as an acknowledgment of the disruption and inconvenience of redevelopment activity, as opposed to assistance to compensate for the revenue or profit loss due to the project. The logic of the approach taken in other jurisdictions is twofold; first, correlating the adverse impact from the project to profit loss in a precise manner is very difficult; and secondly, affected businesses could enjoy a better business environment and enhanced revenue and profitability after the project is completed.

The Council should consider a similar approach. For example, the County Council in 2005 conceived a very effective program when it established the Impact Assistance Program within the Economic Development Fund through budgetary action, not legislation. The Impact Assistance Program was designed to mitigate adverse impacts that small businesses might experience due to County-initiated development, redevelopment, or renovation projects. Twenty-seven businesses received grants totaling approximately \$475,000 during FY05-FY09 when the program was active. The grants ranged from \$2,800 to \$20,000, which was the maximum set by the Council. The Council could reestablish a similar program to



achieve the intent of Bill 4-17 and ensure it is sustainable as it considers all other budget items.

If legislation is still preferred, the Council could modify Bill 4-17 to limit the eligible projects to those either under construction or fully approved and funded as of the Bill's effective date. This, again, would limit the potential fiscal impact on the County. Any future assistance could be determined through future Council action.

On behalf of County Executive Leggett, thank you for the opportunity to testify on Bill 4-17. By modifying Bill 4-17 or achieving the Bill's intent by other means, the County Executive believes that we can support our small business community in an affordable and financially sustainable manner.