

MEMORANDUM

March 31, 2017

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

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

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 Planning, Housing and Economic Development Committee worksession is tentatively scheduled for April 26 at 9:30 a.m.

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 zone¹ or an urban renewal area² 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 Wheaton³ was the County project that inspired Bill 6-12. Although the Wheaton redevelopment project construction has not yet begun, the Council added \$360,000 to the FY17 operating budget for the technical assistance portion of the Program for Wheaton and added undesignated funds into the EDF that can be used for grants and loans under this Program.

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

² An urban renewal area must be designated by the Council.

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

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.

This packet contains:

Bill 4-17

Legislative Request Report

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

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

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

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

28 *Urban renewal area* means an area of the County as defined in Section
 29 56-9(f).

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

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

35 (1) the applicant is the owner of an existing small business located
 36 near an ongoing or future redevelopment project that is planned to
 37 begin construction in less than 12 months after the application;

38 (2) the applicant's small business is currently or is likely to be
 39 adversely impacted by the redevelopment project; and

40 (3) the applicant's small business is financially healthy and likely to
 41 continue operating for the foreseeable future.

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

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

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

50 (1) require the Director to compile and maintain a list of approved
 51 technical training courses on the appropriate website;

52 (2) specify the application procedures and eligibility criteria for a
 53 grant or loan to a small business under the Program;

(3) specify conditions that the Director may impose on a small business in order to receive financial assistance from the Fund under the Program;

(4) define what constitutes an adverse impact on a small business;

(5) define what constitutes financial health of a small business; and

(6) identify outreach methods and marketing strategies to inform local small businesses of the program.

(g) *Reports.* On or before March 31 of each year, the Executive must report to the Council on the activities of the Program. The report must include:

(1) the number of small businesses participating in the Program;

(2) the number and dollar amount of grants and loans made; and

(3) an evaluation of the impact of each grant or loan on the operation of the small business.

Approved:

Roger Berliner, President, County Council

Date

Approved:

Isiah Leggett, County Executive

Date

This is a correct copy of Council action.

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