



Economic Development Fund

APPROVED FY23 BUDGET

\$3,996,325

FULL TIME EQUIVALENTS

1.00

 MICHAEL COVEYOU, DIRECTOR

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. EDF staff work in conjunction with the Montgomery County Economic Development Corporation (MCEDC), a nonprofit economic development organization created by the County in 2015, to identify prospects for many of these programs.

BUDGET OVERVIEW

The total approved FY23 Operating Budget for the Economic Development Fund is \$3,996,325, a decrease of \$494,352 or 11.01 percent from the FY22 Approved Budget of \$4,490,677. Personnel Costs comprise 4.19 percent of the budget for no full-time position(s) and no part-time position(s), and a total of 1.00 FTEs. 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 95.81 percent of the FY23 budget.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following is emphasized:

 **A Growing Economy**

PROGRAM CONTACTS

Contact Pete McGinnity of the Department of Finance at 240.777.2011 or Felicia Hyatt of the Office of Management and Budget at 240.777.2763 for more information regarding this fund.

PROGRAM DESCRIPTIONS

Economic Development Fund

The Economic Development Fund consolidates all economic development programs into one program providing effective

management and support. The consolidated programs are: Economic Development Grant and Loan Program, Biotechnology Credit Supplement, MOVE Program, the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program, and the Impact Assistance Fund.

- 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 Finance through its Fiscal Management Division. Montgomery County Economic Development Corporation (MCEDC) identifies and develops prospects that meet the criteria for a grant or loan from the Economic Development Fund (EDF) and works with Finance to develop an assistance package. Frequently, MCEDC and Finance work in close cooperation and coordination with the State of Maryland to enhance financial incentives being offered. 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.
- The Biotech Credit Supplement authorizes the County to provide a local supplement to the State of Maryland's Biotechnology Investment Tax Credit Program. Investors in Montgomery County-based biotechnology companies that are certified to receive biotechnology tax credits under the State program are eligible for a supplemental monetary match from the County of up to 50 percent of the State tax credit, with the final amount dependent and subject to the annual appropriations by the County Council.
- The MOVE Program is designed to accelerate business attraction, thereby reducing vacant office spaces in the County. It provides a one-time grant for the initial lease of up to 20,000 square feet of class A and B vacant office space. The program is limited to businesses that are new to the County, including craft breweries, cideries, wineries, and distilleries.
- The Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program allows Montgomery County companies that have been awarded a SBIR or STTR Phase I or Phase II grant from a federal agency and that conducts at least 51 percent of their research & development operations in Montgomery County to apply for a local Montgomery County match.
- The Impact Assistance Fund (IAF) is a program that provides financial assistance and/or technical assistance to financially healthy small businesses in designated areas of the County that are adversely impacted by a redevelopment project initiated by the County, on County-owned property, or of a County facility. Currently, there are designated geographic areas in Silver Spring, Bethesda, and Clarksburg.

BUDGET SUMMARY

| | Actual FY21 | Budget FY22 | Estimate FY22 | Approved FY23 | %Chg Bud/App |
|--|------------------|------------------|------------------|------------------|-----------------|
| ECONOMIC DEVELOPMENT FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 110,252 | 128,546 | 131,499 | 132,915 | 3.4 % |
| Employee Benefits | 30,519 | 33,413 | 33,093 | 34,692 | 3.8 % |
| Economic Development Fund Personnel Costs | 140,771 | 161,959 | 164,592 | 167,607 | 3.5 % |
| Operating Expenses | 3,435,809 | 4,328,718 | 5,047,751 | 3,828,718 | -11.6 % |
| Economic Development Fund Expenditures | 3,576,580 | 4,490,677 | 5,212,343 | 3,996,325 | -11.0 % |

BUDGET SUMMARY

| | Actual FY21 | Budget FY22 | Estimate FY22 | Approved FY23 | %Chg Bud/App |
|---|----------------|----------------|------------------|------------------|-----------------|
| PERSONNEL | | | | | |
| Full-Time | 0 | 0 | 0 | 0 | — |
| Part-Time | 0 | 0 | 0 | 0 | — |
| FTEs | 1.00 | 1.00 | 1.00 | 1.00 | — |
| REVENUES | | | | | |
| Investment Income | 38,508 | 55,000 | 55,000 | 55,000 | — |
| Loan Payments | 578,068 | 375,000 | 131,320 | 375,000 | — |
| Economic Development Fund Revenues | 616,576 | 430,000 | 186,320 | 430,000 | — |

FY23 APPROVED CHANGES

| | Expenditures | FTEs |
|--|------------------|-------------|
| ECONOMIC DEVELOPMENT FUND | | |
| FY22 ORIGINAL APPROPRIATION | 4,490,677 | 1.00 |
| <u>Changes (with service impacts)</u> | | |
| Reduce: Microloan Program [Economic Development Fund] | (50,000) | 0.00 |
| Reduce: Small Business Assistance Program: Grant Finalized in FY22 [Economic Development Fund] | (450,000) | 0.00 |
| <u>Other Adjustments (with no service impacts)</u> | | |
| Increase Cost: Annualization of FY22 Personnel Costs | 2,685 | 0.00 |
| Increase Cost: Annualization of FY22 Compensation Increases | 2,161 | 0.00 |
| Increase Cost: FY23 Compensation Adjustment | 802 | 0.00 |
| FY23 APPROVED | 3,996,325 | 1.00 |

FUNDING PARAMETER ITEMS

CC APPROVED (\$000S)

| Title | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| ECONOMIC DEVELOPMENT FUND | | | | | | |
| EXPENDITURES | | | | | | |
| FY23 Approved | 3,996 | 3,996 | 3,996 | 3,996 | 3,996 | 3,996 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Labor Contracts | 0 | 5 | 5 | 5 | 5 | 5 |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. | | | | | | |
| Subtotal Expenditures | 3,996 | 4,001 | 4,001 | 4,001 | 4,001 | 4,001 |

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