



Economic Development Fund

RECOMMENDED FY27 BUDGET

\$4,173,420

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 recommended FY27 Operating Budget for the Economic Development Fund is \$4,173,420, a decrease of \$7,362 or 0.18 percent from the FY26 Approved Budget of \$4,180,782. Personnel Costs comprise 4.81 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 95.19 percent of the FY27 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 Nadia Khan of the Department of Finance at 240-777-2011 or Julie Knight of the Office of Management and Budget at 240-777-2760 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

- 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. MCEDC identifies and develops prospects that meet the criteria for a grant or loan from the 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 an 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.
- The newly created J.O.B.S. initiative, formalized through the adoption of Resolution 20-491, created three separate but complementary economic development funds:
 1. The Job Creation Fund incentivizes growing companies to create and fill high-paying jobs in Montgomery County. The Job Creation Fund provides a one-time award to employers who create at least 5 new jobs within a six-month period that pay annual salaries of \$100,000 or more. The program targets employers that are corporate headquarters or national nonprofits, or in the fields of advanced technology, cybersecurity, hospitality, life sciences, and quantum computing. Companies that create eligible jobs and fill those jobs for at least six months are eligible to receive \$10,000 per new job (or \$12,000 per new job if located in a Montgomery County Community Equity Index (CEI) disadvantaged area) up to a maximum of \$500,000.
 2. The Technology Innovation Fund promotes the deployment of innovative technology by funding the development of prototypes, proofs of concepts, minimum viable products, and pilot projects to validate new technology and deploy solutions to market in order to help Montgomery County entrepreneurs move towards commercialization. The Innovation Fund provides grants of up to \$200,000 to early and growth stage companies that have raised between \$100,000 and \$5

million from investors or grants. Funds are awarded on a competitive basis and are designed to help entrepreneurs commercialize a product or solution.

- The Founder's Fund promotes inclusive economic development through investments in early and growth-stage companies that have historically lacked adequate access to private capital or are located in a Montgomery County CEI disadvantaged area. The Equity Fund provides grants of up to \$100,000 to early and growth stage companies that have raised between \$50,000 and \$5 million from investors or grants and are either 51% minority owned, woman owned, veteran owned or owned by an individual with a disability and/or the business' primary location is in a Montgomery County CEI disadvantaged area. Funds are awarded on a competitive basis and are designed to advance early-stage commercialization efforts for the deployment of innovation technology products or solutions.

BUDGET SUMMARY

	Actual FY25	Budget FY26	Estimated FY26	Recommended FY27	%Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	138,620	166,964	148,306	157,332	-5.8 %
Employee Benefits	35,447	41,343	38,661	43,613	5.5 %
Economic Development Fund Personnel Costs	174,067	208,307	186,967	200,945	-3.5 %
Operating Expenses	4,290,856	3,972,475	25,778,349	3,972,475	—
Economic Development Fund Expenditures	4,464,923	4,180,782	25,965,316	4,173,420	-0.2 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
REVENUES					
Loan Payments	637,970	375,000	477,473	375,000	—
Investment Income	1,307,880	55,000	313,060	55,000	—
Economic Development Fund Revenues	1,945,850	430,000	790,533	430,000	—

FY27 RECOMMENDED CHANGES

	Expenditures	FTEs
ECONOMIC DEVELOPMENT FUND		
FY26 ORIGINAL APPROPRIATION	4,180,782	1.00
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: FY27 Compensation Adjustment	6,130	0.00
Increase Cost: Annualization of FY26 Compensation Increases	3,769	0.00
Decrease Cost: Annualization of FY26 Personnel Costs	(17,261)	0.00
FY27 RECOMMENDED	4,173,420	1.00

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY27	FY28	FY29	FY30	FY31	FY32
ECONOMIC DEVELOPMENT FUND						
EXPENDITURES						
FY27 Recommended	4,173	4,173	4,173	4,173	4,173	4,173
No inflation or compensation change is included in outyear projections.						
Subtotal Expenditures	4,173	4,173	4,173	4,173	4,173	4,173