

**M E M O R A N D U M**

June 21, 2023

TO: Economic Development (ECON) Committee

FROM: Marlene Michaelson, Executive Director

SUBJECT: **Economic Development Fund**

PURPOSE: Discussion

**Expected Participants:**

- Jake Weissmann, Assistant Chief Administrative Officer, Office of the County Executive (CEX)
- Gene Smith, Business Center Team Manager, (CEX)
- Nancy Feldman, Fiscal Management Division Chief, Department of Finance
- Derese Bikila, Program Manager, Economic Development Programs, Department of Finance
- Laurie Babb, Economic Development Director, MCEDC
- Brad Stewart, SVP, Business Development, MCEDC

The Economic Development Fund (EDF) provides funding to assist private employers who are located, plan to locate, or substantially expand operations in the County. There are several programs used to disburse funding. The ECON Committee asked for a post budget follow-up discussion on the different programs and how the County tracks the impact of EDF expenditures. The Committee Chair provided participants the following questions as a basis for the Committee discussion. The questions are followed by background information on the EDF and the many different programs. Staff anticipates receiving written responses to some of these questions after the deadline for the staff report and will circulate them when they are transmitted.

**Overall EDF**

1. How is the Economic Development Fund used by the CEX/MCEDC to proactively achieve the goals of the comprehensive economic development strategy?
2. MCEDC Question that should be answered in committee session: Whether or not an incentive is awarded, what are the most common funding requests from brokers and companies? For example, offsetting construction costs, providing custom infrastructure, rental assistance, providing tax/fee relief, offsetting competitive salaries, start-up capital, etc. And, how do these requests differ by company size, type, location?

3. In the past, we've heard from businesses that the county doesn't provide large enough incentives to be a real attraction tool. In stakeholder meetings, several companies that have received grants expressed that they are not going to say no to money, but the county funding didn't significantly impact their company or their decision to move into the county.
  - a. Are there documented (or anecdotal?) situations in which an incentive was the determining factor of a successful retention, expansion or attraction project? How do you determine whether the incentive truly made a difference?
  - b. Do you know why these two businesses left the county?
    - i. <https://mocoshow.com/blog/steel-products-inc-a-woman-owned-specialty-contracting-firm-founded-in-1954-leaves-rockville-for-frederick/>
    - ii. [https://www.bizjournals.com/washington/news/2023/02/27/amentum-gaithersburg-chantilly-headquarters.html?utm\\_source=st&utm\\_medium=en&utm\\_campaign=BN&utm\\_content=wa&ana=e\\_wa\\_BN&j=30670531&senddate=2023-02-27](https://www.bizjournals.com/washington/news/2023/02/27/amentum-gaithersburg-chantilly-headquarters.html?utm_source=st&utm_medium=en&utm_campaign=BN&utm_content=wa&ana=e_wa_BN&j=30670531&senddate=2023-02-27)
4. During committee session (no need to provide this in writing): List the grants and incentive programs that we currently have and how effective they have been. Highlight the sub-funds within the annual EDF report, including specific purpose of the fund, when it was created, expenditures by year, and how you have tracked the impact of expenditures and determined whether the program is succeeding.
5. During the committee presentation (no need to provide this in writing), please address how do we track commercialization outcomes for our SBIR/STTR matching grant awardees? Aside from our matching award, what other ecosystem elements would assist our awardees with bringing their products to market?
6. Answer this question in committee session (no need to provide this in writing): What were the final number of state certifications for participation in the Biotechnology Investor Incentive Program for 2022? How many companies have been certified thus far in 2023? How much private funding have the supplements to investors leveraged (or been tied to) in the past five years? Are these supplements still relevant in 2023?
7. Based on the EDF Report, during committee session, have LEDC and Life Asset come to share: The list of participants, types of businesses, and locations for businesses that participate in the microloan program. How have you measured the success of the program? Have you tracked revenue increases for the awardees or some other measure of impact?

#### Aligning EDF with current local economy needs

8. During the committee session (no need to provide this in writing), MCEDC needs to provide input on: Given our current economic indicators, our goals listed in the economic development strategy, and the ways that our diverse clusters of companies start, grow and thrive, what are the top three ways you would invest public funding to help private sector grow more quickly? For example, would you focus on specific county locations? Industries? The size of companies? Entrepreneurship? Companies commercializing technology?

9. Get ready to discuss in committee (no need to provide this in writing): Regarding the relationship between placemaking and jobs – what would focusing EDF investments in our central business districts look like? What would a stronger tie-in to transit-oriented development look like?
10. What other ways can we modernize the EDF program based on your interactions with companies and what the data says?

**FY24 Budget**

The Council approved FY24 funding for the Economic Development Fund (EDF) of \$3.46 million. The following table summarizes the Council decisions on funding for the FY24 budget.

<b>EDF FY23 AND FY24 BUDGETS</b>			
	<b>FY23 Council Approved</b>	<b>FY24 Request</b>	<b>FY24 Council Approved</b>
<b>Administrative Costs</b>			
<i>Personnel</i>	\$167,607	\$173,629	\$173,629
<i>Operating Expenses</i>	\$7,110	\$7,110	\$7,110
<b>ADMIN TOTAL</b>	<b>\$174,717</b>	<b>\$180,739</b>	<b>\$180,739</b>
<b>EDF Fund Programs</b>			
<i>MOVE Program</i>	\$250,000	\$750,000	\$750,000
<i>Biotechnology Investor Incentive Program</i>	\$500,000	\$350,000	\$200,000
<i>Cybersecurity Supplement Program</i>	\$66,000	\$0	\$0
<i>SBIR/STTR</i>	\$425,000	\$425,000	\$425,000
<i>Small Business Assistance Program</i>	\$0	\$0	\$0
<i>Impact Assistance Fund</i>	\$150,000	\$0	\$0
<i>Microlending</i>	\$0	\$150,000	\$150,000
<i>Green Investor Incentive Program</i>	\$0	\$0	\$0
<i>Equity Investment Program</i>	\$0	\$0	\$0
<i>Small Business Revolving Loan Program</i>	\$0	\$0	0
<b>TOTAL</b>	<b>\$1,391,000</b>	<b>\$1,675,000</b>	<b>\$1,525,000</b>
<b>Recommendation for EDFGLP</b>			
<i>Fishers Lane, LLC (U.S. HHS property in Rockville)</i>	\$1,300,000	\$1,300,000	\$1,300,000
<i>Federal Realty Investment Trust (HQ Retention &amp; Relocation to Pike &amp; Rose)</i>	\$250,000	\$250,000	\$250,000
<i>Undesignated Balance</i>	\$880,508	\$606,243	\$200,000
<b>TOTAL FOR EDFGLP</b>	<b>\$2,430,508</b>	<b>\$2,156,243</b>	<b>\$1,750,000</b>
<b>COMPLETE TOTAL</b>	<b>\$3,996,225</b>	<b>\$4,011,982</b>	<b>\$3,455,739</b>

## EDF Programs

The County created the EDF in 1996 to provide “deal closing funds” for certain economic development opportunities in the County. Finance oversees and evaluates the impact of the EDF. Section 20-76 (c) of the County Code requires that the Executive report by March 15 of each year on the use of the EDF. The EDF Annual Report for Calendar Year 2022 is attached on ©1.

There are several funding programs within the EDF, as detailed below.

### A. Economic Development Fund Grant & Loan Program (EDFGLP)

The EDFGLP is a *discretionary* program offering financial awards to private employers that retain jobs or stimulate new job creation in Montgomery County. Priority is given to technology companies, manufacturing companies, businesses in urban revitalization areas, and other private employers that provide the greatest public return on these investments.

The standard process for EDFGLP transactions typically includes MCEDC working with a company to develop a request for assistance from the County. If the County determines that the fiscal impact of the requested project is positive for the County, the County makes an offer, finalizes an agreement, disburses the funds, and monitors the performance of each awardee. The duration of this process varies from project to project for the EDFGLP.

Some noteworthy steps in the process are as follows:

- The Executive must notify the Council if an offer exceeds \$100,000.
- Transactions that are less than \$100,000 are included in the EDF Annual Report, but do not require prior Council notification.
- The County executes an agreement with each business. This agreement includes milestones that must be met, including any jobs or capital investment requirements, as well as a timeline for disbursement. The agreement also includes a repayment provision if the business fails to achieve the required milestones.
- The County provides funding once the business undertakes the project stipulated in the agreement. Some businesses may execute an agreement but choose not to undertake the project. If the County does not disburse any funds, the business is not required to meet any of the stipulated milestones.
- Finance will monitor a project’s impact until the agreement expires, typically five to ten years.

According to the 2022 EDF Annual report, five businesses were approved for new grants from the EDFGLP totaling \$405,000(see ©5-7). Approved Projects are projects with offers made and accepted, but funds have not yet been disbursed. In 2022, Approved Projects promised a total of 780 new jobs for the County and 1,005 retained jobs.

Often, if a proposed County project is also a priority for the State of Maryland, an awardee may receive State funding in addition to the EDFGLP funds. In 2022, each EDFGLP-approved County dollar was expected to leverage more than \$10 from the State in additional project funding.

The Council approved FY24 for the EDFGLP of \$1,750,000. This includes \$1,300,000 for the ongoing agreement with JBG Companies for the U.S. HHS project in Rockville, \$250,000 to Federal Realty for

business attraction and retention at Pike and Rose, and \$200,000 in new appropriation for the FY24 undesignated balance (in addition to the projected carryover of \$430,000 in FY23 funding). The undesignated balance can be used to fund smaller projects, typically those less than \$100,000.

### **B. MOVE Program**

The MOVE Program is an entitlement program designed to attract new businesses to the County and reduce vacant Class A and B office space. To qualify, businesses must meet certain criteria and apply. The criteria of the program include whether the business is new to the County and whether the business signed a lease for Class A or B office space for at least three years. The program offers a one-time grant that is formula-based, \$8 per square foot of the executed lease.

The Council supported the Executive recommended funding of \$750,000 for this program in FY24. See the MOVE Program Summary in the 2022 EDF Annual Report on ©8-9. The Planning, Housing, and Economic Development Committee previously raised questions about this program and its impact since companies cannot apply until they have a signed lease for space in the County. The ECON Committee requested a more in-depth review of the program.

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

The BIIP is an entitlement program for investors who make qualified investments in a County-based biotechnology business (see ©10). The County's program provides a cash grant to investors who receive State tax credits from the analogous State program. This program does not directly fund biotechnology businesses in the County; rather it incentivizes private investments in those businesses. The investors can, and do, live anywhere. At the time the ECON Committee was reviewing the FY24 operating budget, no companies were certified by the State as eligible to receive the BIIP credit in 2022. As a result, the Committee and Council reduced FY24 funding for this program from the requested \$350,000 to \$200,000.

### **D. Cybersecurity Supplement Program (CSP)**

The CSP is an entitlement program for County-based cybersecurity businesses. Like the BIIP, it provides grants to qualified investors in qualified cybersecurity businesses located in the County, though it has not been funded for several years and was not funded for FY24 (see ©12-13).

### **E. Small Business Research Matching Grant Program (SBIR/STTR Program)**

The federal SBIR/STTR program encourages scientists and entrepreneurs to explore novel approaches to pressing problems and bring those solutions to the marketplace (see ©17-18). Montgomery County's SBIR/STTR Program provides matching grants to local businesses that receive federal SBIR/STTR awards related to medicine, biotechnology, and life sciences.

Companies that are awarded a Phase 1 SBIR or STTR grant may receive a county match of 25% of the federal grant amount, up to a maximum of \$25,000. Companies that received a Phase II SBIR or STTR grant may receive a match of 25% of the award amount, up to \$50,000.

The County now also offers Phase 0 grants, which may reimburse first-time applicants for costs associated with developing a competitive application (commercialization consultants, professional writers, subject matter experts, etc.).

Due to local policy changes and the county's brief suspension of matching grant applications in FY22, the program's usage was affected. However, as outlined in the 2022 annual EDF report, since the program's inception in 2018, forty Montgomery County companies have been awarded a total of \$1.7M in matching county funds. Finance believes the full FY23 appropriation will be used now that the program is again accepting applications.

The Council supported the FY24 funding request of \$425,000, but the Committee was interested in further discussing the commercialization outcomes related to these public investments.

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

This program provides assistance to small businesses adversely impacted by a County development/redevelopment project. Since its inception, only businesses near the development of the M-NCPPC headquarters have been eligible for funding. Since this project has been completed, the Annual Report indicates that the program is closed (see ©14) and no funding was requested in FY24.

#### **G. Impact Assistance Fund (IAF)**

The Impact Assistance Fund was created in 2005 to assist small businesses adversely impacted by the redevelopment of Downtown Silver Spring (see ©16). This program has not been funded since 2020.

#### **H. Microlending**

Bill 49-16 created the microlending program. The Executive is implementing this program through the EDF. The Council supported the Executive recommends a \$150,000 appropriation for this program in FY24. Finance manages "resource partner" contracts to implement the microloan program on the county's behalf. More information can be found at ©19. The Committee may be interested in exploring how these funds have positively impacted microloan recipients.

#### **I. Green Investor Incentive Program (GIIP)**

The GIIP provides grants to qualified investors for investments in County-based green technology businesses (see ©20). No investors took advantage of the program and so the funding was repurposed to support the Bethesda Green incubator/accelerator companies. The GIIP is established in the County Code §20-76C, and the Council may appropriate funds for it apart from this new initiative at any time. No funding was requested for FY24.

#### **J. Equity Investment Program (EIP)**

The EIP was created by law in 2014 but struggled with obtaining positive returns on its investments (see ©29). No funding was requested for FY24.

**K. Small Business Revolving Loan Program (SBRLP)**

The Small Business Revolving Loan Program has not granted any loans since FY15 (see ©30) and was not recommended for funding in FY24.

This packet contains:  
2022 EDF Annual Report

Circle #  
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**Montgomery County**  
**Economic Development Fund**  
**Annual Report**  
**For Calendar Year 2022**



**Prepared by**  
**Department of Finance**

**March 2023**



## **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 federal grant awardees in advancing research and development efforts toward commercialization.

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, 2022 through December 31, 2022. 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 2022 and the first 6 months of Fiscal 2023. 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.

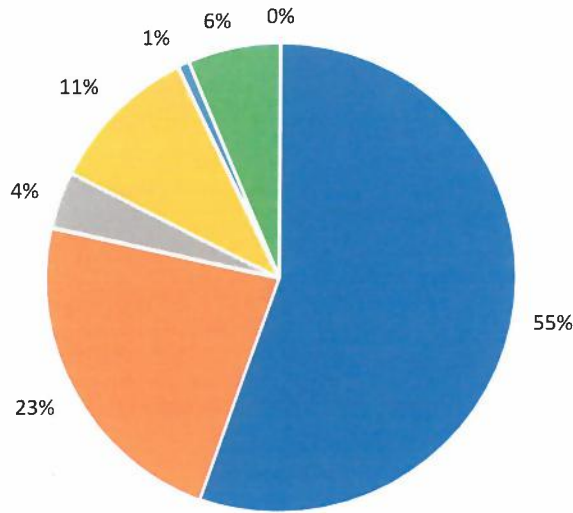
### Economic Development Fund Assistance Since Inception

Active Programs	Authorization	Year Established	Assistance provided- CY2022	Cumulative Assistance Provided
Economic Development Fund Grant and Loan Program (EDFGLP)	Montgomery County Code, Secs 20-73 to 20-75.	FY 1996	\$1,550,000	\$58,660,150
Biotechnology Investor Incentive Supplement Program (BIIS)	Montgomery County Code, Sec. 20-76A	FY 2012	\$326,671	\$4,186,966
Small Business Assistance Program (SBAP)	Montgomery County Code, Sec. 20-76B.	FY 2013	\$123,093	\$2,025,689
Make Office Vacancy Extinct Program (MOVE) <sup>1</sup>	County Council Resolution 18-432	FY 2014	\$718,434	\$5,028,578
Cybersecurity Investor Incentive Supplement Program (CIIS)	Montgomery County Code, Sec. 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	\$200,000	\$750,000
SBIR/STTR Matching Grant Program (SBIR/STTR)	Montgomery County Code, Sec. 20-76E	FY 2019	\$25,000	\$1,700,000
<b>Total</b>			<b>\$2,943,198</b>	<b>\$72,965,810</b>

<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. It remained dormant until 2016, when Resolution 18-432 provided specific funding to the program. Since then, funds for this program have been appropriated annually.

**2022 Economic Development Fund Expenditures**  
**\$3,123,746**



- EDF Grant & Loan - \$1,730,548
- MOVE - \$718,434
- Small Business Assistance - \$123,093
- Biotech Supplement - \$326,671
- SBIR/STTR - \$25,000
- Microlending - \$200,000
- Impact Assistance Fund - \$0
- Cybersecurity Supplement- \$0

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**Highlights for 2022**

**Economic Development Grant & Loan Program** - The program continued to support biotechnology and hospitality enterprises, both key strategic economic sectors in the County. Calendar Year 2022 (CY22) saw approval five conditional grants totaling \$405,000. These incentives will facilitate combined capital investment of more than \$310 million, the retention of over 1,000 jobs and the and the creation of 780 new full-time jobs when these projects are completed.

**SBIR/STTR Local Matching Grant Program** – In November of 2022 the County Council enacted Bill 31-22, amending the program and altering the administration and eligibility requirements of the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program. The program now includes incentives for small businesses conducting research in medicine, biotechnology, or life sciences that are preparing to apply for their first SBIR or STTR Phase I award. The bill also established limitations on the number of matching county grant awards companies may receive.

<sup>3</sup> There were no disbursements for the Cybersecurity Supplement or Impact Assistance Program in Calendar Year 2022.

## **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 impact. 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

Approved Projects <sup>4</sup>	FY2017	FY2018 <sup>5</sup>	CY 2018 <sup>6</sup>	CY2019	CY2020	CY2021	CY2022	Total
Projects awarded	8	1	6	4	4	2	5	30
Amount awarded	\$4,250,000	\$250,000	\$1,850,000	\$5,165,000	\$1,925,000	\$150,000	\$405,000	\$13,995,000
Projects with State participation	7	N/A	6	3	4	2	3	25
State leverage per County dollar	\$ 1.93	N/A	\$2.18	\$2.83	\$4.27	\$2.83	\$10.54	\$3.88
Jobs retained	1,805	N/A	1,185	504	560	312	1,005	5,371
Jobs attracted or created	1,530	N/A	706	297	1,586	369	780	5,268
Private capital investment (millions)	\$ 220.1	N/A	\$173.4	\$144.0	\$170.0	\$256.3	\$310.0	\$1,273.8B
Award dollars per total jobs	\$1,274	N/A	\$978	\$6,448	\$897	\$667	\$227	\$1,315
Funded Projects	FY2017	FY2018	CY2018	CY2019	CY2020	CY2021	CY2022	Total
Number of projects	7	2	8	6	6	5	2	36
Amount funded	\$1,201,691	\$1,550,000	\$2,431,568	\$1,839,256	\$4,665,000	\$3,450,000	\$1,550,000	\$16,687,515
Total jobs at funding	803	N/A	1,504	1,211	1,663	369	161	5,711
Average salary at funding	\$92,260	N/A	\$75,567	\$112,198	\$100,535	\$111,069	\$260,938	\$100,472

<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.

<sup>6</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. For Calendar Year 2022 the County did not issue any formal recall notices for failure to adhere to the terms of respective Economic Development Fund Agreements.

**Ten-year Summary of Outcomes (2012 - 2022)**

<b>Outcome</b>	<b>Number of Cases</b>	<b>Funded Amount</b>	<b>Recalled Amount<sup>7</sup></b>	<b>Repaid Amount<sup>8</sup></b>	<b>Contracted Jobs</b>	<b>Final Jobs<sup>9</sup></b>	<b>Award Dollars per Final Job</b>
Closed Cases							
Met contracted milestones <sup>10</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>11</sup>	0						
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>12</sup></b>

<sup>7</sup> Only includes those EDFA projects for which the County issued a formal recall notice to the business.

<sup>8</sup> Includes principal and interest.

<sup>9</sup> Final Jobs reflects the number of jobs at the time the EDFA was satisfied or recalled.

<sup>10</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>11</sup> For Active Cases, job count reflects the most recent performance reports submitted to date.

<sup>12</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 as a pilot program by the County Executive in March 2014 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 2022 the Move Program supported 25 companies that leased a total of 108,238 square feet of space. Of that total, 41,148 square feet (38%) was leased to 8 Biotechnology/Life Science companies. Four manufacturing enterprises leased 27,184 square feet (25%) of space and health-related companies leased an additional 12,575 square feet of space (12%). The remaining 27,331 square feet (25%) supported by the program was leased to companies across a variety of industry sectors: engineering, IT, real estate, education, and professional services. Based upon location, MOVE grants were awarded to businesses leasing space in Rockville (36%, 4 awards), Silver Spring (24%, 6 awards), and Bethesda (20%, 5 awards). (See Appendix C for details.)

### Six-Year MOVE Program Summary

	FY2017	FY2018 <sup>13</sup>	Calendar Year 2018	Calendar Year 2019	Calendar Year 2020	Calendar Year 2021	Calendar Year 2022	Total
Number of awards	16	26	22	27	16	11	25	143
Amount awarded	\$428,706	\$381,200	\$664,416	\$718,838	\$432,868	\$310,496	\$771,672	\$3,708,196
Square footage leased	53,592	45,874	96,024	102,014	64,299	38,813	75,148	475,764
Average lease term (months)	87	80	72	62	58	66	65	70
Initial jobs <sup>14</sup>	72	36	84	176	58	54	84	564
Award dollars per initial jobs	\$5,954	\$10,589	\$7,910	\$4,084	\$7463	\$5,750	\$9,187	\$6,575
Projected three-year job total	225	211	323	618	396	180	296	2,391
Award dollars per total jobs	\$1,905	\$1,807	\$2,057	\$1,163	\$1,093	\$1,327	\$2,607	\$1,551

<sup>13</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>14</sup> Job totals are projected 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 was 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 Maryland Department of Commerce 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 Investor Incentive 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 dollar amount of the County's annual appropriation for this program that percentage represents. (See Appendix D for information.)

As of the date of this report, the County has not yet received information as to those investors certified as eligible to receive Biotechnology Investor Incentive Tax Credits for calendar year 2022.

### Six-Year Biotechnology Investor Incentive Program Summary

	CY16	CY 2017	CY2018	CY 2019	CY2020	CY2021	Total
County Appropriation	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$3,000,000
Number of Companies	15	8	7	5	5	8	48
Number of investments eligible for Supplement <sup>15</sup>	81	60	39	27	37	30	274
Total private investment dollars	\$11,984,484	\$10,656,092	\$8,970,535	\$8,515,000	\$7,427,667	\$6,196,330	\$53,750,108
Total Approved Biotechnology Tax Credits	5,592,228	\$5,300,182	\$4,510,241	\$4,635,000	\$3,512,834	\$3,098,165	\$26,649,650
County supplement percent ROI <sup>16</sup>	4.2%	4.7%	5.6%	5.8%	6.7%	8.1%	5.5%
Total ROI, including MD tax credit <sup>17</sup>	50.8%	54.4%	55.8%	60.3 %	54.0%	58.0%	55.1%

<sup>15</sup> Does not represent total number of investors in the companies reported, only those eligible to receive Biotechnology Tax Credits.

<sup>16</sup> ROI percentages in Total Column represent the 6-year average ROI.

<sup>17</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. The program was re-named the Maryland Innovation Investor Incentive Tax Credit. 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 an Innovation Investment Tax Credit from the State of Maryland. Each year, the State notifies the County as to which cybersecurity companies have received investments that have been certified as eligible to receive Maryland Innovation Investment 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 Innovation Investment Tax Credit represents as a percentage of the total amount of Innovation Investment Tax Credits received for Montgomery County cybersecurity companies.
2. Using that percentage to calculate what portion of the County's annual Cybersecurity appropriation each individual investment represents.

Since calendar year 2018 the State has not certified any investment in a Montgomery County cybersecurity company as eligible to receive the Innovation Investment Tax credit. As of the date of this report, the County has not yet received information as to investors certified as eligible to receive Investor Incentive Tax Credits for calendar year 2022.

### Six-Year Cybersecurity Investor Incentive Program Summary

	CY 2016	CY 2017	CY 2018 <sup>18</sup>	CY19 <sup>19</sup>	CY2020	CY2021	Total
County Appropriation	\$500,000	\$500,000	\$127,395	\$66,000	\$66,000	66000	\$1,759,395
Number of businesses	2	3	0	0	0	0	5
Number of investments	5	7	0	0	0	0	12
Total private investment dollars	\$1,233,000	\$1,405,000	\$0	0	\$0	0	\$2,638,000

<sup>18</sup> For calendar years 2018 through 2021 the State reported no Cybersecurity Investment Tax Credits for Montgomery County Cybersecurity Companies.

<sup>19</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 investors were not disbursed.

## Small Business Assistance Program (SBAP)

Bill 6-12 Economic Development - Small Business Assistance was enacted in April 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 that 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 are 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, provides technical assistance to small businesses that may be adversely impacted by a qualified redevelopment project prior to and during project construction. Since the SBAP's inception, 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 Reddie 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 during its construction were awarded up to a maximum of \$125,000 in financial assistance. Disbursements were provided on a quarterly basis, subject to financial information demonstrating adverse impact related to construction. Under the SBAP, participation in technical assistance was required prior to receiving financial assistance. Through calendar year 2022 the SBAP, made 88 disbursements to a total of 31 companies since inception of the program, totaling \$2,026,535. As the project is completed the Small Business Assistance Program is closed. (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>CY22</b>	<b>Totals</b>
<b>Amount disbursed:</b>	\$0	\$514,958	\$496,075	\$368,700	\$523,709	\$123,093	\$2,026,535
<b>Disbursements:</b>	None	32	25	12	9	10	88
<b>New applications approved:</b>	3	14	6	4	4	0	31
<b>Businesses receiving Technical Assistance<sup>20</sup>:</b>	58	57	51	37	28	20	251

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<sup>20</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 that meet certain eligibility criteria, including being located within a geographic area designated by the County Executive as impacted by County-related redevelopment projects. The most recent areas to have been designated are: (1) Silver Spring, in 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 provided in the form of a conditional grant, and it 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 during its completion. The maximum amount of assistance a business can receive under the IAF is \$25,000, and only one disbursement is permitted. Technical assistance is not a requirement for financial assistance under the IAF. In Calendar Year 2022 no businesses applied for or received assistance under the Impact Assistance Program, nor have any additional geographic areas been designated for Impact Assistance Fund eligibility. (See Appendix G for information.)

### Impact Assistance Program Summary

	CY2018	CY2019	CY2020	CY2021	CY2022	Total
Amount disbursed:	\$175,000	\$198,672	\$47,360	\$0	\$0	\$421,032
Disbursements:	7	8	2	0	0	17

## **SBIR/STTR Local Matching Grant Program**

Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are highly competitive federal grant programs that encourage domestic small businesses to engage in federal research or research and development (R&D) having the potential for commercialization. Bill 41-17, Economic Development Fund - Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program was enacted in March 2018 and is formalized in Section 20-76E of the Montgomery Code. The program provided matching funds for small businesses meeting certain eligibility requirements that had received Phase I or Phase II SBIR or STTR grants. Initially, the County's matching grants were limited to SBIR or STTR awards from the National Institutes of Health. Subsequently, in June 2021, the Program was amended (Bill 37-19) to allow for consideration of matching County grants for SBIR and STTR grants awarded from all federal agencies, provided the purpose of the grant remained conducting research in medicine, biotechnology, or life sciences. The Bill also eliminated the Program's original Sunset Date of July 1, 2025. Most recently, the Program was again amended in November 2022 (Bill 31-22), limiting the number of Phase I and II matching grants that an individual company can receive from the County, and establishing a Phase 0 grant which reimburses technical assistance expenditures to companies pursuing their first SBIR or STTR award. Anticipating that Bill 31-22 would be adopted sooner than actually occurred, applications for the SBIR/STTR Matching Grant Program were temporarily suspended for Fiscal Year 2023 which commenced on July 1, 2022. Consequently, only one Phase I matching grant of \$25,000 was approved in Calendar Year 2022.

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 federal 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 \$50,000. Companies utilizing technical assistance in applying for their first SBIR or STTR Phase I award may qualify for a Phase 0 Matching grant for reimbursement of some or all of their technical assistance expenditures related to the grant application. Restrictions apply as to the number of SBIR or STTR Matching Grants a company may receive. (See Appendix H for information.)



**SBIR/STTR Program Summary Since Inception**

	<b>CY2018</b>	<b>CY2019</b>	<b>CY2020</b>	<b>CY2021</b>	<b>CY2022</b>	<b>Totals</b>
Phase I Grant Recipients	9	4	3	7	1	23
Phase I Grant Awards amount	\$225,000	\$100,000	\$75,000	\$175,000	\$25,000	\$575,000
Phase I Federal Grant Dollars Leveraged	\$2,361,064	\$1,142,510	\$1,036,941	\$3,413,560	\$174,964	\$8,129,039
Phase II Grant Recipients	4	4	4	5	0	17
Phase II Grant Awards amount	\$300,000	\$237,500	\$237,500	\$350,000	0	\$1,125,000
Phase II Federal Grant Dollars Leveraged	\$6,031,385	\$6,451,214	\$5,837,722	\$10,905,236	0	\$29,225,227
<b>Total Local Matching Grant Awards</b>		<b>40</b>				<b>\$1,700,000</b>

## Microloan Program

The Microloan Program was established in April 2017 (Bill 49-16) and established in Section 15 A-5(d) of the Montgomery County Code. The program provides loans ranging from \$500 to \$15,000 for Montgomery County residents needing additional financial assistance 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 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 utilizing materials in multiple languages that reflect the County's diverse 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 2022, there have been 325 Montgomery County small businesses that have received microloans totaling \$1,205,274, for an overall average loan amount of \$3,708.

### Microloan Program Summary

	CY 2018	CY 2019	CY2020	CY2021	CY2022	Totals:
<b>Life Asset:</b>						
Total Microloans Provided	50	51	84	0	89	274
Total Dollar Amount Awarded <sup>21</sup>	\$103,798	\$102,200	\$295,850	\$0	\$296,100	\$797,948
						Average loan: \$2,912
<b>LEDC:</b>						
Total Microloans Provided	11	13	3	15	9	51
Total Dollar Amount Awarded	\$89,287	\$89,030	\$39,142	\$99,317	\$91,000	\$407,776
						Average loan: \$7,995

<sup>21</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, the program did not generate the interest that was anticipated. 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, 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.

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 was 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 extended impacts of the Covid-19 pandemic Bethesda Green requested that the target date for the direct investments be extended or repurposing of remaining funds be considered by the County.

A determination on these requests is pending the receipt of additional information. Through calendar year 2022, Bethesda Green has invested a total of \$110,000 into the companies listed in the table below.

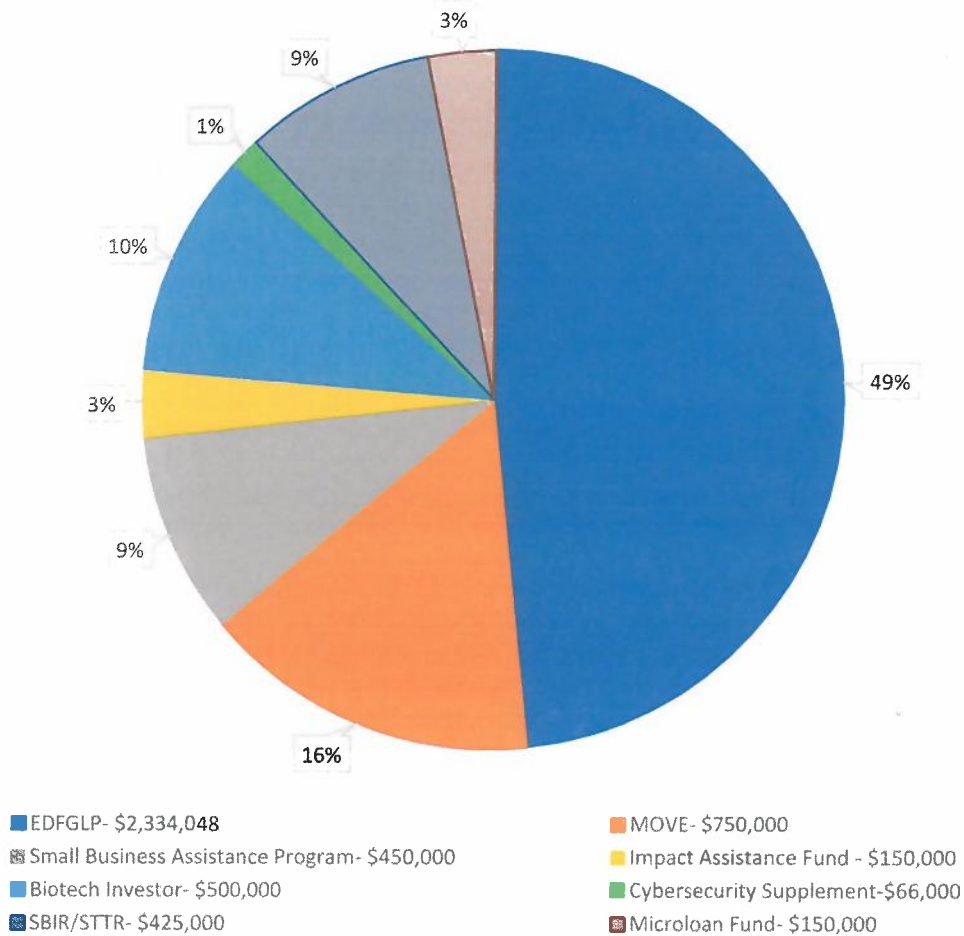
**Bethesda Green Be Green Incubator Investments**

<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 2022</b>

## Budgeted Funds by EDF Program for Calendar Year 2022<sup>22</sup>

### ECONOMIC DEVELOPMENT FUND PROGRAMS

\$4,243,501



<sup>22</sup> The Budget for Calendar Year 2022 that is represented above is derived from last 6 months of the approved FY22 Economic Development Fund budget (January to June 2022) and the first 6 months of the approved FY23 Economic Development Fund budget (July to December 2022). 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 following: In FY22 The Cybersecurity Supplement Program and the MOVE Program were funded at \$66,000 and \$750,000 respectively. In FY23 no appropriation was made for the Cybersecurity Supplement Program and the appropriation for the MOVE Program was reduced to \$250,000. As in prior years, the EDFGLP amount presented above is equivalent to the remainder of the Economic Development Fund (EDF) annual appropriation after all other EDF sub-program appropriations have been allocated. The appropriation for the EDFGLP is inclusive of ongoing program commitments

## **APPENDICES**

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

<b>Recipient</b>	<b>Maximum Funding Amount</b>	<b>Annual Funding Amount</b>	<b>FYs of Funding</b>	<b>Remaining Commitment</b>	<b>Notes</b>
5600 Fishers Lane, LLC	\$19,500,000	Up to \$1,300,000 for 15 years	FY18 - 32	\$11,700,000	Annual amount is based on real property value at Project Site.
Meso Scale Diagnostics <sup>23</sup>	\$1,670,000	Up to \$167,000 annually	FY14 - 17	\$0	Annual disbursement of \$167,000 for the first 3 years, with remaining incentive based on increase in real property assessment at Project Site. Subsequent property assessments after Year 3 did not support additional funding. Total disbursement was \$501,000
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>24</sup>	\$5,000,000	\$250,000 annually for 6 years	FY21 - 26	\$750,000	Second Phase of \$5,000,000 EDF conditional grant, subject to final capital expenditure in FY23.
<b>Totals</b>	<b>\$</b>	<b>\$ \$1,550,000</b>		<b>\$12,650,000</b>	

<sup>23</sup> Maximum funding amount for this incentive was \$1,670,000, payable over 10 years with a maximum annual disbursement of \$167,000. Payments after the third year were contingent upon property tax bills exceeding an established base amount, which did not occur. Therefore, payments were limited to the initial 3 years of the grant, at \$167,000 annually, for a total of \$501,000.

<sup>24</sup> Total conditional grant of \$5 million with initial disbursement of \$3.5 million disbursement secured by assignment of WSSC System Development Charge credits. Remaining \$1.5 million is payable in 6 annual disbursements of \$250,000.

**Appendix B: Economic Development Fund Grant & Loan Program (EDFGLP)  
Awards for Calendar Year 2022**

<b>Recipient</b>	<b>Award</b>	<b>Status</b>	<b>Purpose</b>	<b>Industry</b>	<b>Location</b>
Sodexo, Inc.	\$70,000	Pending	Relocation & Retention	Hospitality	Gaithersburg
Bioreliance, Inc.	\$100,000	Pending	Retention & Expansion	Biotechnology	Rockville
Latin Goodness, LLC	\$60,000	Pending	Retention & Expansion	Food Manufacturing	Rockville
Horizon Therapeutics	\$100,000	Pending	Expansion	Biotechnology	Rockville
Glenline OpCo, LLC	\$75,000	Executed	Feasibility Study	Real Estate Development & Management	Silver Spring
<b>Totals</b>	<b>\$405,000</b>				



**Appendix C: MOVE Grants Awarded in Calendar Year 2022**

<b>Recipient</b>	<b>Award Value</b>	<b>Square Feet</b>	<b>Industry</b>	<b>Location</b>	<b>Initial Jobs</b>	<b>Projected Jobs (3 Yrs.)</b>
Silvec Biologics,	\$48,000	6,000	Biotechnology		6	20
International Cultural Bridge Group, LLC	\$9,144	1,143	Education/Cultural	Rockville	2	6
Hibiscus Technology	\$56,488	7,061	Life Sciences/Biotech	Rockville	14	50
Seraxis	\$54,128	6,766	Life Sciences/Biotech	Germantown	8	20
Kim Engineering, Inc.	\$32,976	4,122	Civil/Geotechnical Engineering	Rockville	19	34
Mission Autism Clinics, LLC	\$72,512	9,064	Healthcare/Behavioral Health	Silver Spring	1	35
Gain Therapeutics, Inc.	\$12,544	1,568	Life Sciences/Biotech	Bethesda	2	8
The ESAB Group, Inc.	\$80,000	17,798	Industrial	Bethesda	2	25
AdvisoRE, LLC	\$8,800	1,100	Commercial Real Estate	Bethesda	2	6
MacLean Real Estate Services, LLC	\$10,152	1,269	Commercial Real Estate	Bethesda	1	5
Liatrio, Inc.	\$39,040	4,880	Advanced manufacturing	Rockville	2	20
Ella Scott Design, LLC	\$13,640	1,705	Interior design	Bethesda	5	10
SciNeuro Therapeutics, Inc.	\$31,960	3,995	Life Sciences/Biotech	Rockville	1	15
Sculpt n' Bronze Studio, LLC	\$7,152	894	Health	Silver Spring	1	3
Capital Interventional Pain & Spine Center, LLC	\$33,144	4,193	Life Sciences/Biotech	Rockville	2	15
National Customs Brokers & Forwarders of America, LLC	\$13,672	1,709	Trade Association	Silver Spring	13	14
Silver Spring Creations, LLC	\$15,448	1,931	Design and Manufacturing	Silver Spring	3	10
Algoptimal LLC	\$6,960	870	Emerging Technologies	Silver Spring	2	15
Zola Counseling Solutions, LLC	\$1,040	130	Health	Silver Spring	1	3
E-Infosol LLC	\$11,456	1,432	Information Technology	Rockville	4	5
Akan Biosciences, Inc	\$64,000	8,000	Bioscience	Gaithersburg	3	25
Intelligent Fusion Technology, Inc	\$28,920	3,615	Scientific R&D/Technology	Germantown	15	5
Neuro Vision Therapy Center, LLC	\$19,896	2,487	Health	Rockville	3	8
Kinjar Enterprises, LLC dba Celebree School	\$80,000	13,931	Education	Rockville	2	30
BabyCat Brewery, LLC	\$20,600	2,575	Craft Brewery	Kensington	0	15
<b>Totals</b>	<b>\$771,672</b>	<b>108,238</b>			<b>84</b>	<b>296</b>

**Appendix D: Montgomery County Companies with Investors Receiving 2021<sup>25</sup>  
Biotech Investor Incentive Supplements**

<b>Company</b>	<b>No. of Investors</b>	<b>Investment Received</b>	<b>County Support to Investors</b>
3i Diagnostics, Inc.	1	\$107,331	\$8,661
American Gene Technologies International Inc.	2	\$600,000	\$48,416
Tailored Therapeutics, Inc.	2	\$240,000	\$19,366
DxNow, Inc.	14	\$2,074,999	\$167,438
Hememics Biotechnologies, Inc.	1	\$200,000	\$16,139
Ibex Biosciences, LLC	5	\$1,524,000	\$122,976
Silvec Biologics, Inc.	4	\$1,100,000	\$88,762
Surgisense Corporation	1	\$350,000	\$28,243
<b>Totals</b>	<b>30</b>	<b>\$6,196,330</b>	<b>\$500,000</b>

**Appendix E: Montgomery County Companies with Investors Receiving 2021<sup>26</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>0</b>	<b>\$0</b>	<b>\$0</b>

<sup>25</sup> Biotechnology Investor Incentive Supplements are contingent upon the issuance of Maryland Biotechnology Investor Incentive Tax Credits paid in Calendar Year 2022 are attributable to Biotechnology Investment Tax Credits for 2021

<sup>26</sup> There were no Cybersecurity Investor Incentive Supplements paid in Calendar Year 2021 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 CY2022**

	<b>Business</b>	<b>SBAP Funds Received in CY 2022</b>
1.	JJ Tag & Title	\$7,062
2.	Kantutas Restaurant	\$27,682
3.	Triangle Jewelers	\$7,236
4.	Edoh K. Amenduite	\$3,631
5.	Dollar Plus Store #7, LLC	\$29,633
6.	Rush Corporation	\$5,668
7.	Taxline Services	\$10,118
8.	Aesosoria Americana & Taxline Services	\$32,063
	<b>TOTAL:</b>	<b>\$123,093</b>

**Appendix G: Impact Assistance Fund (IAF) Grant Recipients for CY 22<sup>27</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>

**Appendix H: SBIR/STTR Matching Grant Recipients for CY2022**

<b>Recipient Name</b>	<b>Phase I or II</b>	<b>County Award Amount</b>	<b>Location</b>	<b>Federal Grant Award</b>
Silvec Biologics, LLC		\$25,000	Gaithersburg	\$174,964
<b>Subtotal Phase I</b>		<b>\$25,000</b>		<b>\$174,964</b>
<b>Subtotal Phase II</b>		<b>\$0</b>		
<b>Total</b>		<b>\$25,000</b>		<b>\$174,964</b>

<sup>27</sup> For Calendar Year 2021, no applications were received, or grants disbursed from the Impact Assistance Fund.

## 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.

#### Technology Growth 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. Established in 2000, the final year for awards was FY 2015. The data provided below is a summary for the program.

**Small Business Revolving Loan Program  
Summary of Outcomes (2000 - 2015)**

<b>Outcome</b>	<b>Number of Cases</b>	<b>Loaned Amount</b>	<b>Outstanding Balance</b>	<b>Repaid Amount<sup>28</sup></b>	<b>Written-off Amount</b>	<b>Current Jobs<sup>29</sup></b>
<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>30</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.

<b>Inactive or Discontinued Programs</b>	<b>Year Established</b>	<b>Cumulative Assistance Provided</b>
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>31</sup> )	FY 2013	\$0

<sup>28</sup> Includes interest and loan fees

<sup>29</sup> Data was collected from Maryland Quarterly Census of Employment and Wages reports, when available.

<sup>30</sup> Nine loans have been inactive for over one year and will be reviewed with OCA for further action to resolve delinquencies.

<sup>31</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.

ADDENDUM  
ECON Committee #1  
June 26, 2023  
**Worksession**

**M E M O R A N D U M**

June 22, 2023

TO: Economic Development (ECON) Committee  
FROM: Marlene Michaelson, Executive Director  
SUBJECT: **Economic Development Fund**  
PURPOSE: Discussion

Attached on © 1-3 are written responses to some of the questions sent by the Committee Chair regarding the Economic Development Fund. The attached was prepared by staff in the Office of the County Executive and Montgomery County Economic Development Corporation.

## **How is the Economic Development Fund used by the CEX/MCEDC to proactively achieve the goals of the comprehensive economic development strategy**

The facets of the Economic Development Strategy include growth in innovation, creating and sustaining a healthy local business environment, and a diversified economy, all of which is helped with the Economic Development Fund. Key programs such as MOVE can help small businesses, grants such as SBIR help to spotlight Montgomery County as a key place for life sciences and as a growth market, and the entirety of this program is designated as a way to best assist the growth of our businesses. The fund also allows the County to market itself as a place eager to attract and retain businesses to the County and give us a competitive edge to other jurisdictions.

Nearly all economic development organizations throughout the country, in coordination with their state and local governments, offer incentives as an important part of their attraction/retention toolbox, both for competitive reasons, and to assist businesses in overcoming economic hurdles when businesses are investing hundreds of thousands or millions of dollars in their expansion or relocation plans. Incentives are offered on an as-needed basis and may or may not be part of the value proposition a company is looking for. For those companies where incentives are offered or provided, the ROI is well defined as part of our analysis.

Most incentives for Montgomery County are a partial match to the State of MD which requires that we have “skin in the game” if they are to grant incentives to companies who are interested in Montgomery County. Incentives are part of our toolbox and are not the lead we use in attracting businesses but add when needed depending on the individual situation. Neighboring states, including Virginia, Pennsylvania, and West Virginia have attractive incentive plans, depending on the industry which compete directly with our programs.

State and County incentives are designed to especially assist with companies as they expand their employment base and help to offset the high cost of doing business here, especially because of higher labor market and land costs in Montgomery County.

**In the past, we’ve heard from businesses that the county doesn’t provide large enough incentives to be a real attraction tool. In stakeholder meetings, several companies that have received grants expressed that they are not going to say no to money, but the county funding didn’t significantly impact their company or their decision to move into the county.**

Incentives are generally never the primary deciding factor for a business to move or stay in a specific location. Proximity to clients, access to workforce, transportation networks, access to supply chain providers, where the CEO lives – all of these and other factors will have more of an influence on a company’s decision. The important thing is to always have multiple tools in the toolbox because different incentives will make sense for different projects – some prefer the Tax Credits while others prefer the upfront one-time cash incentive and most would prefer quicker turnaround on site plan and permitting reviews/approvals, etc. The

key is not to take away any of the tools we have, but to find focused, appropriate incentives to use based on the industry or project.

- **Are there documented (or anecdotal?) situations in which an incentive was the determining factor of a successful retention, expansion or attraction project?** We believe the retention of Marriott's headquarters and FRIT's headquarters were both influenced by the County incentives offered. Truebill in Silver Spring is a great example of an emerging FinTech company that the County successfully recruited back from Silicon Valley using both a MOVE grant and a discretionary EDF grant. When companies are being wooed by competitor jurisdictions, generally including financial incentives, it is incumbent upon us to compete and ensure the companies know they are valued members of our business community, providing jobs and capital investments to the County.
- **How do you determine whether the incentive truly made a difference?** We look at the Fiscal Impact of discretionary incentives before they are awarded and the goal is to provide incentives when there is a positive Return on Investment to the County (more jobs, increase in the commercial tax base).
- Generally speaking ,we need to look at the big picture, talent availability, physical space requirements, quality of living, ease of doing business, operating costs, and of course incentives. Our budget for these is minuscule compared to the big picture when we look at overall infrastructure and selling costs to make Montgomery County a reasonable alternative for staying , expanding or relocating here.
- These are two well regarded firms who provide a point of view on incentives. While from 2019, they are relevant today, and the McKinsey piece references winners and losers of which the state of Virginia a shows up as a winner.
  - <https://www.brookings.edu/research/examining-the-local-value-of-economic-development-incentives/>
  - <https://www.mckinsey.com/industries/public-sector/our-insights/how-state-and-local-governments-win-at-attracting-companies>
- **Do you know why these two businesses left the county?**  
<https://mocoshow.com/blog/steel-products-inc-a-woman-owned-specialty-contracting-firm-founded-in-1954-leaves-rockville-for-frederick/>  
[https://www.bizjournals.com/washington/news/2023/02/27/amentum-gaithersburg-chantilly-headquarters.html?utm\\_source=st&utm\\_medium=en&utm\\_campaign=BN&utm\\_content=wa&ana=e wa BN&j=30670531&senddate=2023-02-27](https://www.bizjournals.com/washington/news/2023/02/27/amentum-gaithersburg-chantilly-headquarters.html?utm_source=st&utm_medium=en&utm_campaign=BN&utm_content=wa&ana=e wa BN&j=30670531&senddate=2023-02-27)
  - Yes. However, neither of these two situations were based on incentive or lack of incentive opportunities. In one case, the business acquired companies in another jurisdiction where the majority of their employees and assets reside. In the other situation, a significant number of their employees resided in the relocated jurisdiction where commuter times were significantly reduced and where the overall cost



of living for their specific workforce was affordable, and the availability/cost of space for their particular industry was much more attractive. We will walk through the specifics during the session if needed.

**What other ways can we modernize the EDF program based on your interactions with companies and what the data says?**

The EDF is a very flexible program at the County's disposal to market the County and assist businesses that have clear financial gaps to starting or growing. Some of the ways to modernize the EDF may include sunsets of the programs to allow more consistent opportunities to evaluate and refine existing programs or discontinuing programs that are no longer effective. Most programs have no sunset, and it is unlikely that the Council will discontinue programs during the budget process because of the compressed nature of the review time.

In addition, the EDF program needs to be more widely available to industries/businesses where capital improvements are the driving investment. While the EDF is flexible, the current "return" rubric for the County is based on job growth. Capital investment has minimal impact, apart from a newly constructed building, because it is more difficult for the County to capture tax dollars through those investments.

There may be alternatives for providing incentives in addition to the EDF programs that members of the Council, Executive branch, and partners have discussed, such as Fee Waivers or a 'Fast Track' Approval process through the Permitting and Planning processes.