



Committee: ECON
Committee Review: Completed
Staff: Marlene Michaelson, Executive Director
Purpose: To make preliminary decisions – straw vote expected
Keywords: Economic Development Fund

AGENDA ITEM #5
 May 11, 2023
Worksession

SUBJECT

FY24 Operating Budget: Economic Development Fund

EXPECTED ATTENDEES

None

FY24 COUNTY EXECUTIVE RECOMMENDATION

	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
Economic Development Fund	\$3,996,325	\$4,011,982	0.4%
Personnel Costs	\$167,607 1.00 FTEs	\$183,264 1.00 FTEs	3.4% 0.00 FTEs
Operating Costs	\$3,8218,718	\$3,828,718	-
Total Expenditures (All Funds)	\$3,996,325 1.00 FTEs	\$4,011,982 1.00 FTEs	0.4% -

COMMITTEE RECOMMENDATIONS

- Reduce funding for the undesignated balance in the Economic Development Fund Grant and Loan Program (EDFGLP) by \$404,243 since Executive staff estimate FY23 carryover of \$430,000.
- Reduce funding for the Biotechnology Investor Incentive Program from \$350,000 to \$200,000 since no companies participated in calendar year 2022.

SUMMARY OF KEY ISSUES

- The Committee intends to conduct a review of the many sub-funds supported by this Fund after budget to determine whether they are having the intended impact of bringing new businesses to County or retaining those considering leaving.

This report contains:

Staff Report	Pages 1-7
Executive recommended FY24 budget	© 1
Answers to Council staff questions	© 4
2022 EDF Annual Report	© 9

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MEMORANDUM

April 26, 2023

TO: Economic Development (ECON) Committee

FROM: Marlene Michaelson, Executive Director

SUBJECT: **FY24 Operating Budget – Economic Development Fund Non-Departmental Account**

PURPOSE: Make recommendations for Council consideration

Expected Participants:

- Pete McGinnity, Manager, Economic Development Programs, Department of Finance
- Derese Bikila, Program Manager, Economic Development Programs, Department of Finance
- Jake Weissmann, Assistant Chief Administrative Officer, Office of the County Executive (CEX)
- Gene Smith, Business Center Team Manager, (CEX)
- Dennis Hetman, Fiscal Manager, Department of Finance
- Julie Knight, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

Summary of FY24 CE’s Recommended Budget – EDF

	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
Economic Development Fund	\$3,996,325	\$4,011,982	0.4%
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Total Expenditures (All Funds)	\$3,996,325 1.00 FTEs	\$4,011,982 1.00 FTEs	0.4% -

I. Budget Overview

The Executive recommends \$4,011,982 for the Economic Development Fund (EDF) in FY24, which includes funding for its subprograms and one full time equivalent (FTE). The EDF is a continuous, non-lapsing fund. As in previous fiscal years, the Council will approve a new appropriation for the FY24 budget and will also reappropriate any unspent funds from FY23 for use in FY24. The Executive-recommended budget for the EDF is attached at © 1-3. Answers to staff questions are attached at © 4-8. The table below, provided by Office of Management and Budget staff, details the recommended appropriation by program or agreement in FY24.

EDF FY23 APPROVED AND FY24 REQUEST			
	FY23 Council Approved	FY23 Estimated Expenditures	FY24 Request
Administrative Costs¹			
<i>Personnel</i>	\$167,607	\$167,607	\$173,629
<i>Operating Expenses</i>	\$7,110	\$8,089	\$7,110
ADMIN TOTAL	\$174,717	\$175,696	\$180,739
EDF Fund Programs			
<i>MOVE Program²</i>	\$250,000	\$379,184	\$750,000
<i>Biotechnology Investor Incentive Program³</i>	\$500,000	\$500,000	\$350,000
<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>Microlending⁴</i>	\$0	\$300,000	\$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
TOTAL	\$1,391,000	\$1,604,184	\$1,675,000
Recommendation for EDFGLP			
<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 & Relocation to Pike & Rose)</i>	\$250,000	\$250,000	\$250,000
<i>Undesignated Balance</i>	\$880,508	\$235,000	\$606,243
TOTAL FOR EDFGLP	\$2,430,508	\$1,785,000	\$2,156,243
COMPLETE TOTAL	\$3,996,225	\$3,564,880	\$4,011,982

1. Administrative costs and operating expenses are included in the EDFGLP Appropriation but are separated from the Undesignated EDFGLP Balance above
2. Appropriations for MOVE prior to FY23 had been \$750,000. For FY23, the Council approved a one-time reduction in the move appropriation based on the estimated FY22 expenditures
3. Biotechnology Investor Incentive Program is fully subscribed for \$500,000 for FY23. Disbursements remaining +\$182,206. Grants under this program are contingent upon tax credits awarded by the State on a calendar year basis (CY 2022).
4. For FY23 CE recommended \$100,000 for Microlending program- a \$50,000 reduction from prior years. The Council recommended a one-time reduction for this program in FY23 based on the estimated FY22 expenditures.

II. EDF Programs

The purpose of the EDF is to assist private employers who are located, plan to locate, or substantially expand operations in the County. 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 (“2022 EDF Annual Report”) is attached on © 9.

There are several funding subprograms 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. 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 Executive's recommended FY24 appropriation includes \$2,156,244 for the EDFGLP. The County has an existing agreement with JBG Companies for the U.S. HHS project in Rockville, which commits the County to an annual payment of \$1,300,000 annually for 15 years. The County also has an agreement with Federal Realty to provide \$250,000 of annual support for business attraction and retention at Pike and Rose.

The Council staff recommends both designated FY24 requests at \$1.3M and \$250,000.

The FY24 undesignated balance request for FY24 is \$606,243. The undesignated balance can be used to fund smaller projects, typically those less than \$100,000. Because strategic economic development projects that truly require "closing funds" or "but for" funding, would require Council approval and likely special appropriations for a large and significant project, and since Executive staff have indicated that there is \$430,000 balance in the fund that is expected to remain at the end of the fiscal year and will be reappropriated (see © 6). Any funding that is reappropriated from FY23 that is not assigned to specific programs will increase the undesignated balance in of the EDFGLP in FY24. **Council staff recommends funding the FY24 Undesignated Balance at \$200,000, which would result in a \$406,243 reduction to the FY24 budget.** The total of \$630,000 (through reappropriation and new appropriation) should be sufficient to fund a handful of smaller discretionary projects in the upcoming year.

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 Executive is recommending \$750,000 for this program in FY24. See the MOVE Program Summary in the 2022 EDF Annual Report on © 16-17. Finance estimates that the MOVE Program will exceed its budget in FY23, and the Committee may want to hear more about this during the meeting. Staff notes that 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 may want to undertake a more in-depth review of the program after budget.

Council staff supports the Executive recommendation for FY24 appropriation of \$750,000 for the MOVE Program, but encourages Council to reevaluate this incentive program this summer.

C. Biotechnology Investor Incentive Program (BIIP)

The BIIP is an entitlement program for investors who make qualified investments in a County-based biotechnology business. 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. It appears that no companies were certified by the State as eligible to receive the BIIP credit in 2022.

The Executive recommends a \$350,000 appropriation for the BIIP in FY24. The amount awarded to investors is based on a formula in the County Code. See the program description on © 18-19 from the 2022 EDF Annual Report.

Because the growth of Montgomery County’s biohealth cluster is cyclical, and it appears that there were no certified applicants in 2022, Council staff recommends reducing this FY 24 appropriation to \$200,000, resulting in a \$150,000 reduction to the FY24 budget. Staff will check with the State before the Committee meeting to see if there is any updated information regarding potential recipients.

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.

Council staff concurs with the Executive’s recommendation of \$0 for the CSP in FY24.

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. 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.

Because the ultimate goal of an SBIR/STTR project is to bring an innovation to market, Council staff encourages the County and its partners to better understand the commercialization outcomes related to these public investments.

Council staff supports the Executive- recommended FY24 budget request of \$425,000, but encourages Council and the Executive to better understand 1) whether this funding positively impacts the commercialization of local technologies that will grow our local economy; and 2) how the Phase 0 assistance impacts the diversity of applicants and grant success rates of our local bio entrepreneurs, as compared to regional and national first-time applicants.

F. Small Business Assistance Program (SBAP)

An update on the \$0 budget request can be reviewed at ©22-23.

Council staff concurs with the Executive’s recommendation of \$0 for the SBAP in FY24.

G. Impact Assistance Fund (IAF)

An update on the \$0 budget request can be reviewed at ©24. This program has not been funded since 2020.

Council staff concurs with the Executive’s recommendation of \$0 for the IAF in FY24.

H. Microlending

Bill 49-16 created the microlending program. The Executive is implementing this program through the EDF. 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 ©27.

Council staff concurs with the Executive’s \$150,000 budget request and encourages Council and the Executive to better understand how funds have positively impacted the microloan recipients in a post-budget review.

I. Green Investor Incentive Program (GIIP)

The GIIP provides grants to qualified investors for investments in County-based green technology businesses. 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.

Council staff concurs with the Executive’s recommendation of \$0 for the GIIP in FY24.

J. Equity Investment Program (EIP)

The EIP was created by law in 2014 but struggled with obtaining positive returns on its investments.

Council staff concurs with the Executive’s recommendation of \$0 for the EIP in FY24.

K. Small Business Revolving Loan Program (SBRLP)

The Small Business Revolving Loan Program is not included in the EDF Annual Report as an active program.

Council staff concurs with the Executive’s recommendation of \$0 for the SBRLP in FY24.

III. Recommended Budget Resolution Language

The Council includes budget provisions related to the EDF in in the final resolution on the budget to clearly indicate the appropriations for each subprogram. This will include the total funding, the authority to reappropriate funds, and the allocation by program. These provisions will be prepared after the Committee determines the funding allocation for each subprogram.

This packet contains:

- Executive recommended FY24 budget
- Answers to Council staff questions
- 2022 EDF Annual Report

Circle #

- 1
- 4
- 9



Economic Development Fund

RECOMMENDED FY24 BUDGET

\$4,011,982

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 FY24 Operating Budget for the Economic Development Fund is \$4,011,982, an increase of \$15,657 or 0.39 percent from the FY23 Approved Budget of \$3,996,325. Personnel Costs comprise 4.57 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 95.43 percent of the FY24 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 Julie Knight of the Office of Management and Budget at 240.777.2800 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 FY22	Budget FY23	Estimate FY23	Recommended FY24	%Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	131,451	132,915	133,343	145,434	9.4 %
Employee Benefits	33,117	34,692	34,046	37,830	9.1 %
Economic Development Fund Personnel Costs	164,568	167,607	167,389	183,264	9.3 %
Operating Expenses	4,240,531	3,828,718	4,060,327	3,828,718	—
Economic Development Fund Expenditures	4,405,099	3,996,325	4,227,716	4,011,982	0.4 %
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	161,146	375,000	375,000	375,000	—
Investment Income	24,941	55,000	55,000	55,000	—
Economic Development Fund Revenues	186,087	430,000	430,000	430,000	—

FY24 RECOMMENDED CHANGES

	Expenditures	FTEs
ECONOMIC DEVELOPMENT FUND		
FY23 ORIGINAL APPROPRIATION	3,996,325	1.00
Other Adjustments (with no service impacts)		
Increase Cost: FY24 Compensation Adjustment	10,811	0.00
Increase Cost: Annualization of FY23 Compensation Increases	4,818	0.00
Increase Cost: Annualization of FY23 Personnel Costs	28	0.00
FY24 RECOMMENDED	4,011,982	1.00

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY24	FY25	FY26	FY27	FY28	FY29
ECONOMIC DEVELOPMENT FUND						
EXPENDITURES						
FY24 Recommended	4,012	4,012	4,012	4,012	4,012	4,012

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY24	FY25	FY26	FY27	FY28	FY29
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	0	0	0	0	0
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	4,012	4,012	4,012	4,012	4,012	4,012

EDF Budget Questions

1. **Please provide the annual report on the status and use of the EDF.**

The Report was forwarded to Council on 3/23. Click on the link below to view the report: [https://www.montgomerycountymd.gov/BONDS/Resources/Files/2022 Annual Economic Development Fund Report.pdf](https://www.montgomerycountymd.gov/BONDS/Resources/Files/2022%20Annual%20Economic%20Development%20Fund%20Report.pdf).

2. **Please provide the recommended FY24 allocation by EDF program or cost and indicate was/ has been spent thus far in FY23? I've provided a table below based on the approved FY23 amounts to assist your response.**

See entries in table below

3. **Are there any programs that have been discontinued and should be eliminated from this list?**

The EDF contains several subprograms, including some that have not had an approved appropriation in several years. Many of these programs (e.g., the Green Investor Incentive Program, the Small Business Assistance Program, and the Equity Investment Program) are codified in County law; therefore, these programs continue to exist whether they are funded or displayed in this table. Whether these programs are listed in the Council staff packet, they are still available for use by the Executive or Council should the need arise.

4. **Based on current and estimated FY23 expenditures, which subprograms will have unused appropriation at the end of FY23; which exceeded the budgeted amount?**

Unused appropriation:

- Cybersecurity Investor Incentive Program. No businesses qualified for the companion State tax credit last year. It is possible that some might qualify in FY24.
- Impact Assistance Fund - The Council approved funding in this program in case projects occurred in FY23 that would allow businesses to benefit from it. No projects have or are expected to occur that meet the requirements for this program's funding. The Microlending Program is expected to disburse \$300,000 in FY23, so the funding for the Impact Assistance Program was used to address the overage in that program.
- Undesignated EDFGLP - These funds are used by the County Executive or his designee to provide discretionary incentives of \$100,000 or less. The Undesignated EDFGLP typically ranges between \$100k-200k. All EDFGLP incentives are subject to clawback provisions.

Exceeded Budget Amount

- MOVE Program
- Microlending Program

	FY23 Council Approved	FY23 Estimated Expenditures	FY24 Request
Administrative Costs¹			
<i>Personnel</i>	\$167,607	\$167,607	\$173,629
<i>Operating Expenses</i>	\$7,110	\$8,089	\$7,110
ADMIN TOTAL	\$174,717	\$175,696	\$180,739
EDF Fund Programs			
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<i>Small Business Assistance Program</i>	\$0	\$0	\$0
<i>Impact Assistance Fund</i>	\$150,000	\$0	\$0
<i>Microlending⁴</i>	\$0	\$300,000	\$150,000
<i>Green Investor Incentive Program</i>	\$0	\$0	\$0
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TOTAL	\$1,391,000	\$1,604,184	\$1,675,000
Recommendation for EDFGLP			
<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 & Relocation to Pike & Rose)</i>	\$250,000	\$250,000	\$250,000
<i>Undesignated Balance</i>	\$880,508	\$235,000	\$606,243
TOTAL FOR EDFGLP	\$2,430,508	\$1,785,000	\$2,156,243
COMPLETE TOTAL	\$3,996,225	3,564,880	\$4,011,982

FOOTNOTES

1. Administrative costs and operating expenses are included in the EDFGLP Appropriation but are separated from the Undesignated EDFGLP Balance above.

2. Appropriations for MOVE prior to FY23 had been \$750,000. For FY23, Council approved a one-time reduction in the MOVE appropriation for FY23 based upon the estimated FY22 expenditures.

3. Biotechnology Investor Incentive Program is fully subscribed for \$500,000 for FY23. Disbursements remaining = \$182,206. Grants under this program are contingent upon tax credits awarded by the State on a calendar year basis (CY2022) versus the County's supplement disbursement which occurs on a fiscal year basis.

4. For FY23 CE recommended \$100,000 for Microlending program - a \$50,000 reduction from prior years. PHED recommended a one-time reduction for this program in FY23 based on the estimated FY22 expenditures.

5. For those subprograms that have unused appropriation, can you provide the estimated amount of unused FY23 appropriation?

- For EDFGLP approximately \$430,000 is anticipated to remain at the end of FY23 as the EDF is a revolving fund.
- For Impact Assistance Fund, \$150,000 was approved. The Council approved funding in this program in case projects occurred in FY23 that would allow businesses to benefit from it. No projects have or are expected to occur that meet the requirements for this program's funding. The Microlending Program is expected to disburse \$300,000 in FY23, so the funding for the Impact Assistance Program was used to address the overage in that program.
- SBIR/STTR – For FY23 the Council appropriated \$425,000 program. An amended Bill and Executive Regulations are before the Council to implement the program. Once action is taken it is anticipated that the program will be fully subscribed as it has in most years since the program was introduced.

6. For each subprogram that received funding in FY23 or FY24, indicate how you evaluate the success of the program including any metrics or assessments of the programs.

Please refer to the Calendar Year 2022 Annual Report and the metrics included there. In addition:

- The EDFGLP provides project-related incentives, the amount of which is subject to the estimated fiscal impact that the County will derive over the term of the

conditional grant. EDFGLP incentives require annual reporting to determine if the terms of the incentive are being met. A project is considered successful if it met all the conditions of the grant (e.g., jobs created, capital invested, etc.). All EDFGLP agreements contain clawbacks related to performance in the event projects do not meet the conditions.

- MOVE incentives are conditioned upon the execution of a commercial lease with a term of no less than 3 years. There are no subsequent reporting or monitoring requirements after execution of the lease because this is an entitlement program (e.g., meet the conditions, get the grant). The economic benefits from this grant program are new leases that are at least three years or more.
- The Impact Assistance Program requires Quarterly employment reports and federal income tax returns for 1 year following disbursement of grant proceeds. This program is for negatively impacted businesses, so the economic benefit is retaining these businesses. The County measures continuation for a year after disbursement.
- The Microloan Program requires the Resource Providers administering this program on behalf of the County to submit information as to loan recipients, business type, loan purpose, loan amount and loan status. No additional details are collected because the purpose of the program is to provide more loans to more businesses in the County – access to capital. Since the resource partners take on the risk of collecting, the County does not request any additional document post-loan.
- The Biotechnology Cybersecurity Investment Incentive Tax Credit Supplements are contingent upon receipts of tax credit eligibility from the State of Maryland. Other than verifying that the company receiving the investments is based in Montgomery County (which is also done by the State) and does not exceed the permitted tax credit investment a company is eligible to receive no additional monitoring is performed. Like the MOVE Program, this is an entitlement program (i.e., the economic benefit has already occurred).
- The SBIR/STTR Program requires proof of SBIR/STTR Awards and their purpose as well uses of both Federal and County grant funds. Recipients of County funds are required, at the County's request, to provide proof of expenditure consistent with their proposed use. Failure to do so, or misuse of County grant funds would require full repayment.

7. Please provide the assumption(s) and reason(s) for any changes in funding for a subprogram from FY23 to FY24

The EDF is a non-lapsing, revolving fund, so the Executive recommends and the Council appropriates funding based on estimated expenditures in the current year and historical disbursements. See the table above for this year's recommendations for the appropriations in each program. Most of the changes are due to the Council's one-time reductions in FY23

(e.g., MOVE and microlending) to account for the estimated expenditures from last fiscal year. It is recommended that these programs (MOVE and microlending) return to the previous approved appropriations based on historical disbursements.

8. How is the Economic Development Fund used by MCEDC and CEX to satisfy goals within the CEDS?

MCEDC principally uses the EDFGLP – a discretionary incentive – as a deal closing incentive for strategic recruitment and retention in the County. The MOVE program is an attraction incentive to targeted industries identified in the Strategic Plan.

9. Since the goal of an SBIR/STTR project is to bring an innovation to market, how do we track these commercialization outcomes for our SBIR/STTR matching grant awardees?

Awardees are required to provide proof of continued operations within the County for a period of 2 years after receiving the County's matching grant and are required to provide copies of progress reports required by the Department /Agency which awarded the SBIR/STTR Grant.

10. Aside from our matching award, what other elements would assist our awardees with bringing their products to market?

Business-related, non-scientific Technical Assistance, Mentorship, access to other sources of capital

11. How much funding have the biotech investor supplements leveraged (or been tied to)?

For Calendar year 2022, \$6,196,330 was invested in eight Montgomery County Biotech companies, with each \$1.00 of County incentive leveraging \$12.39 in private investment. Please note that this measurement only relates to private investment qualifying for eligibility to receive Biotechnology Investor Incentive Tax credits from the State of Maryland. It does not factor any additional investments a company may be receiving. See the 2022 Economic Development Annual Report, page 11 for additional details.

12. Please share the outcomes of the microloan program – revenue increases for the awardees, types of businesses, locations, etc.

The County utilizes resource partners which, as CDCs, have sufficient capacity to administer these loan programs. Loan recipient, loan amount, loan purpose, and loan status are reported to the County. Save for loan status at time of reporting, most data compiled is front-end. Impact to revenue/profitability is not currently tracked. Amount of required reporting by loan recipient and resource partners must be weighed relative to the level financial assistance provided by County -i.e., Will reporting requirements dissuade participation in a loan program with a maximum loan of \$15,000?

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.

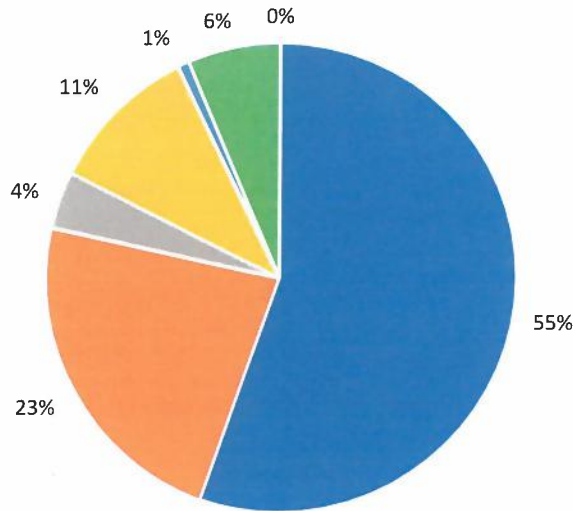
Economic Development Fund Assistance Since Inception

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) ¹	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) ²	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
Total			\$2,943,198	\$72,965,810

¹ 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.

² 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.

³ 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 ⁴	FY2017	FY2018 ⁵	CY 2018 ⁶	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

⁴ 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.

⁵ 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.

⁶ 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)

Outcome	Number of Cases	Funded Amount	Recalled Amount⁷	Repaid Amount⁸	Contracted Jobs	Final Jobs⁹	Award Dollars per Final Job
Closed Cases							
Met contracted milestones ¹⁰	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
Total Satisfied Cases	23	\$10,842,681	\$1,710,631	\$1,440,400	3,377	3,493	\$1,959**
Did not meet contracted milestones, no repayment	8	\$1,878,288	\$1,365,000	-	382	52	N/A
Active Cases ¹¹	0						
Monitoring	36	\$14,826,150	-	-	7,814	7,097	\$2,089
Total All Cases	67	\$27,547,119	\$3,075,631	\$1,440,400	11,573	10,642	\$2,213¹²

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

⁸ Includes principal and interest.

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

¹⁰ 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.

¹¹ For Active Cases, job count reflects the most recent performance reports submitted to date.

¹² 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 ¹³	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 ¹⁴	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

¹³ 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.

¹⁴ 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 ¹⁵	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 ¹⁶	4.2%	4.7%	5.6%	5.8%	6.7%	8.1%	5.5%
Total ROI, including MD tax credit ¹⁷	50.8%	54.4%	55.8%	60.3 %	54.0%	58.0%	55.1%

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

¹⁶ ROI percentages in Total Column represent the 6-year average ROI.

¹⁷ 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 ¹⁸	CY19 ¹⁹	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

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

¹⁹ 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

	CY 2017	CY 2018	CY 2019	CY2020	CY2021	CY22	Totals
Amount disbursed:	\$0	\$514,958	\$496,075	\$368,700	\$523,709	\$123,093	\$2,026,535
Disbursements:	None	32	25	12	9	10	88
New applications approved:	3	14	6	4	4	0	31
Businesses receiving Technical Assistance²⁰:	58	57	51	37	28	20	251

²⁰ 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

	CY2018	CY2019	CY2020	CY2021	CY2022	Totals
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
Total Local Matching Grant Awards		40				\$1,700,000

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:
Life Asset:						
Total Microloans Provided	50	51	84	0	89	274
Total Dollar Amount Awarded ²¹	\$103,798	\$102,200	\$295,850	\$0	\$296,100	\$797,948
						Average loan: \$2,912
LEDC:						
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

²¹ 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.

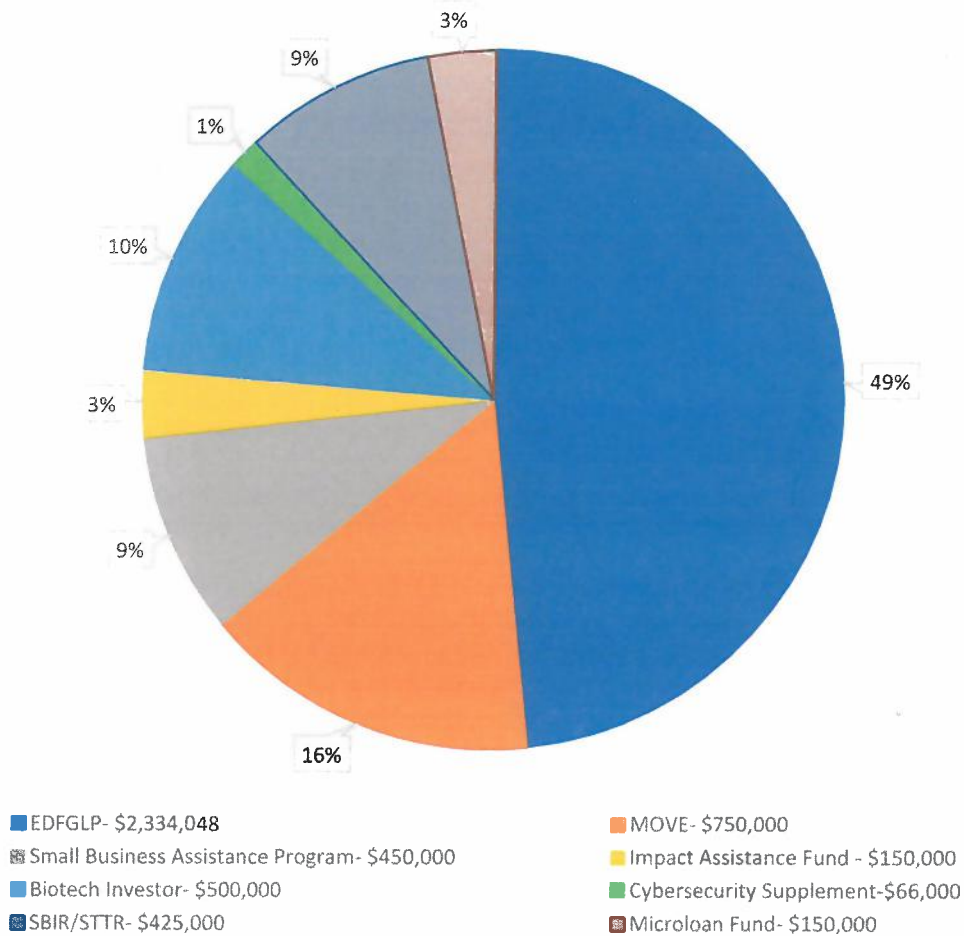
Bethesda Green Be Green Incubator Investments

Company Name	Investment to Date	Product/Service Developed
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.
	\$110,000	Total Investment Through 2022

Budgeted Funds by EDF Program for Calendar Year 2022²²

ECONOMIC DEVELOPMENT FUND PROGRAMS

\$4,243,501



²² 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**

Recipient	Maximum Funding Amount	Annual Funding Amount	FYs of Funding	Remaining Commitment	Notes
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 ²³	\$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 th year of agreement (2028).
Federal Realty Investment Trust ²⁴	\$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.
Totals	\$	\$ \$1,550,000		\$12,650,000	

²³ 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.

²⁴ 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**

Recipient	Award	Status	Purpose	Industry	Location
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
Totals	\$405,000				

Appendix C: MOVE Grants Awarded in Calendar Year 2022

Recipient	Award Value	Square Feet	Industry	Location	Initial Jobs	Projected Jobs (3 Yrs.)
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
Totals	\$771,672	108,238			84	296

**Appendix D: Montgomery County Companies with Investors Receiving 2021²⁵
Biotech Investor Incentive Supplements**

Company	No. of Investors	Investment Received	County Support to Investors
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
Totals	30	\$6,196,330	\$500,000

**Appendix E: Montgomery County Companies with Investors Receiving 2021²⁶ Cybersecurity
Investor Incentive Supplements**

Company	No. of Investors	Investment Received	County Support to Investors
None	0	\$0	\$0
Totals	0	\$0	\$0

²⁵ 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

²⁶ 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**

	Business	SBAP Funds Received in CY 2022
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
	TOTAL:	\$123,093

Appendix G: Impact Assistance Fund (IAF) Grant Recipients for CY 22²⁷

	Company	Project Location	IAF Funds Received in CY2020
	None	N/A	\$0
	TOTAL:		\$0

Appendix H: SBIR/STTR Matching Grant Recipients for CY2022

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

²⁷ 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
Totals	72	\$4,055,000	\$43,491,930	\$1,187,693

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)**

Outcome	Number of Cases	Loaned Amount	Outstanding Balance	Repaid Amount²⁸	Written-off Amount	Current Jobs²⁹
Closed Cases						
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 ³⁰	\$980,714	-	-	\$980,714	6
Total All Cases	37	\$1,844,008	-	\$788,090	\$1,264,624	166

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.

Inactive or Discontinued Programs	Year Established	Cumulative Assistance Provided
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 ³¹)	FY 2013	\$0

²⁸ Includes interest and loan fees

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

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

³¹ 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.