

M E M O R A N D U M

February 3, 2012

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Introduction:** Bill 6-12, Economic Development – Small Business Assistance

Bill 6-12, Economic Development – Small Business Assistance, sponsored by Council Vice President Navarro, Councilmembers Ervin, Floreen, Leventhal and Council President Berliner, is scheduled to be introduced on February 7, 2012. A public hearing is tentatively scheduled for February 28 at 1:30 p.m.

Background

Bill 6-12 would establish a program to assist small businesses located in either an enterprise zone¹ or an urban renewal area² of the County who are adversely impacted by a County redevelopment project or a redevelopment project located on County property. The Bill would require the Director of the Department of Economic Development (DED Director) to create and operate the program. Subject to Council appropriation, the Director may award a grant or loan from the Economic Development Fund (EDF) to an eligible small business and provide technical assistance and training to a small business receiving financial assistance under the program. An award that exceeds \$100,000 cumulatively must be approved by the Council.

The Bill would also require the Executive to adopt method 2 regulations to implement this program. The regulations must:

- (1) require the Director to compile and maintain a list of approved technical training courses on the appropriate website;
- (2) specify the application procedures and eligibility criteria for a grant or loan to a small business under the Program;
- (3) specify conditions that the Director may impose on a small business in order to receive financial assistance from the Fund under the Program;
- (4) define what constitutes an adverse impact on a small business;
- (5) define what constitutes financial health of a small business; and
- (6) identify outreach methods and marketing strategies to inform local small businesses of the program.

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

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

The Department of Economic Development operated the Impact Assistance Program (IAP) as part of the EDF beginning in FY05. The IAP was established by a Council appropriation of \$100,000 to the EDF in FY05 to assist small businesses adversely impacted by County development or redevelopment projects. Since inception, the IAP has provided assistance from the EDF to 26 different small businesses. A list of the recipients is included in the EDF Annual Report dated March 15, 2011 at ©7.

The Council did not appropriate funds for the IAP in FY10, FY11, and FY12. The Bill would establish a similar assistance program in the EDF law with a similar, but not identical, group of potential eligible businesses. The Bill would also permit the DED Director to require an applicant for assistance to complete approved technical training as a condition of receiving financial assistance from the program.

This packet contains:	<u>Circle #</u>
Bill 6-12	1
Legislative Request Report	5
Excerpt – EDF Annual Report dated March 15, 2011	6

Bill No. 6-12
Concerning: Economic Development –
Small Business Assistance
Revised: January 25, 2012 Draft No. 5
Introduced: February 7, 2012
Expires: August 7, 2013
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council Vice President Navarro and Councilmembers Ervin, Floreen, Leventhal, and Council
President Berliner

AN ACT 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 who receives financial assistance from the Economic Development Fund;
- (3) authorize financial assistance to certain small businesses from the Economic Development Fund; and
- (4) generally amend the economic development laws.

By adding

Montgomery County Code
Chapter 20. Finance
Section 20-76B

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

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Sections 20-76B is added as follows:**

2 **20-76B. Small Business Assistance Program.**

3 (a) Definitions. As used in this Section:

4 Adverse impact means a loss of revenue resulting from a redevelopment
5 project.

6 Director means the Director of the Department of Economic
7 Development.

8 Enterprise zone means an area designated under Maryland Code,
9 Economic Development Article, Section 5-704 or any successor
10 provision.

11 Fund means the Economic Development Fund established in Section
12 20-73.

13 Program means the Small Business Assistance Program.

14 Redevelopment project means any construction, alteration, or
15 improvement in an urban renewal area or enterprise zone where the
16 existing land use is commercial or industrial and is:

17 (1) located on property owned by the County; or

18 (2) financed in whole or part by the County.

19 Small business means a privately owned business that meets the
20 requirements of Section 11B-65(a).

21 Technical assistance means training directly related to operating a small
22 business provided by an educational institution or a non-profit
23 organization approved by the Director.

24 Urban renewal area means an area of the County as defined in Section
25 56-9(f).

26 (b) Establishment of Program. Subject to appropriation, the Director must
27 create and administer a Small Business Assistance Program to assist

28 small businesses who are adversely impacted by a redevelopment
29 project.

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

32 (1) the applicant is the owner of an existing small business located
33 near an ongoing or future redevelopment project that is planned
34 to begin construction in less than 24 months after the application;

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

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

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

43 (e) Financial assistance. The Director may award a grant or loan from the
44 Fund to an eligible small business under the Program. A loan or grant
45 to a small business that exceeds \$100,000 cumulatively must be
46 approved by the Council.

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

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

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

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

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

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

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

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

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

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

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

67

68 *Approved:*

69

Roger Berliner, President, County Council

Date

70 *Approved:*

71

Isiah Leggett, County Executive

Date

72 *This is a correct copy of Council action.*

73

Linda M. Lauer, Clerk of the Council

Date

LEGISLATIVE REQUEST REPORT

Bill 6-12

Economic Development – Small Business Assistance

DESCRIPTION: This bill would establish a program to assist small businesses located in an enterprise zone or urban renewal area of the County who are adversely impacted by a County redevelopment project or a redevelopment project located on County property. The Bill would permit the DED Director to require a recipient to complete approved technical training as a condition of receiving financial assistance from the Economic Development Fund.

PROBLEM: A County redevelopment project may adversely affect small businesses located near the project. With appropriate assistance, many small businesses may be able to operate successfully during the project.

GOALS AND OBJECTIVES: To assist small businesses who are adversely impacted by a redevelopment project.

COORDINATION: DED Director, DGS Director

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

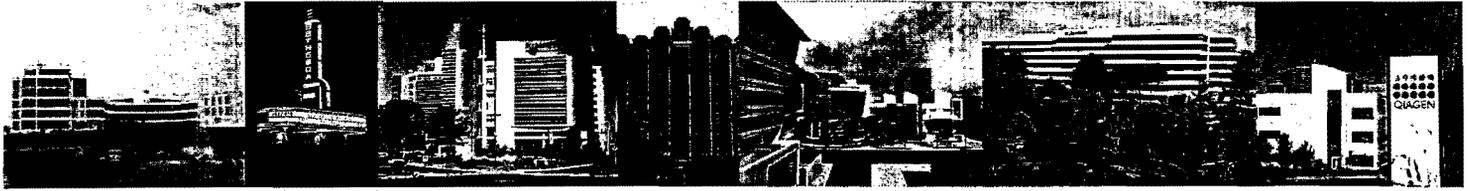
EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Robert H. Drummer, Senior Legislative Attorney, 240-777-7895

APPLICATION WITHIN MUNICIPALITIES: To be researched.

PENALTIES: Not applicable.

F:\LAW\BILLS\1206 ED-Small Business Assistance\LRR.Doc



March 15, 2011

Montgomery County Economic Development Fund Annual Report

Isiah Leggett
County Executive

Timothy Firestine
Chief Administrative Officer

Valerie Ervin
Council President

Prepared by the
Department of Economic Development

D. Impact Assistance Program

In FY05, the Impact Assistance Program was approved by the County Council and \$100,000 was appropriated for seed funding. The purpose of this Program is to mitigate, as much as possible, any adverse impact that small businesses might be experiencing due to County-initiated development, re-development, or renovation projects. The County Council appropriated a total of \$650,000 to support increasing activities under this Program.

Since the inception of the Program, the following businesses have received impact assistance funding totaling \$477,521:

NO	COMPANY	FUNDING RECEIVED	LOCATION
1	ITB Eight, LLC D/B/A Black's Bar and Kitchen	\$8,400	Bethesda
2	Moren Inc.	\$ 20,000	Silver Spring
3	Vicky Snead T/A Eurokids Fashion	\$8,000	Silver Spring
4	Olympic Carpet & Rug, Inc (Carpet Bazaar)	\$15,000	Silver Spring
5	Interior Accents, Inc.	\$4,000	Silver Spring
6	Bach Hue Nguyen T/A Bethesda Nail Spa by On	\$3,700	Bethesda
7	BH&R Associates (Quarry House Tavern)	\$4,000	Silver Spring
8	Kefa Café	\$10,000	Silver Spring
9	ITB Eight	\$2,800	Bethesda
10	Universal Artificial Limb Co.	\$3,000	Silver Spring
11	K.O. Inc. T/A Presence	\$10,000	Bethesda
12	Italia Gourmet	\$15,000	Silver Spring
13	Mayorga Coffee	\$20,000	Silver Spring
14	The Finkhauser Group, Inc. T/A The French Quarter Café	\$20,000	Germantown
15	KCD Nguyen, LLC T/A Passion Nail Spa	\$15,000	Germantown
16	Yamo, LLC	\$20,000	Germantown
17	Grand Crew Enterprises	\$20,000	Germantown
18	Barry's Magic Shop	\$63,100	Wheaton
19	Sacred Mountain LLC T/A Moorenko's Ice Cream Cafe	\$20,000	Silver Spring
21	Dale Music Company, Inc.	\$20,000	Silver Spring
22	BDMS	\$20,000	Clarksburg
23	Apollo	\$20,000	Clarksburg
24	Green Earth Goods	\$20,000	Clarksburg
25	Mayorga Coffee	\$20,000	Clarksburg
26	Roadhouse Oldies	\$5,000	Silver Spring
27	CCLW, D/B/A Executive Shell	\$8,000	Rockville

E. Export Montgomery Program

The Export Montgomery Grant Program was established in 2001 under the Economic Development Fund. The purpose of this Program was to assist Montgomery County exporters that contribute to the economic strength and stability of the local economy, and to provide indirect marketing for the County. This Program operated with a \$30,000 set-aside from the Economic Development Fund and provided grants of up to \$5,000 to qualified companies with export related projects. Receipt of an Export Montgomery grant was contingent upon participation in the State's Export Maryland Program. Due to lack of activities, this Program was