

Montgomery County
Economic Development Fund
Annual Report
For Calendar Year 2023



Prepared by
Department of Finance

March 15, 2024

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, 2023 through December 31, 2023. 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 2023 and the first 6 months of Fiscal 2024. 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 programs currently administered through the EDF. The table on the next page summarizes the total assistance each program has provided since its inception.

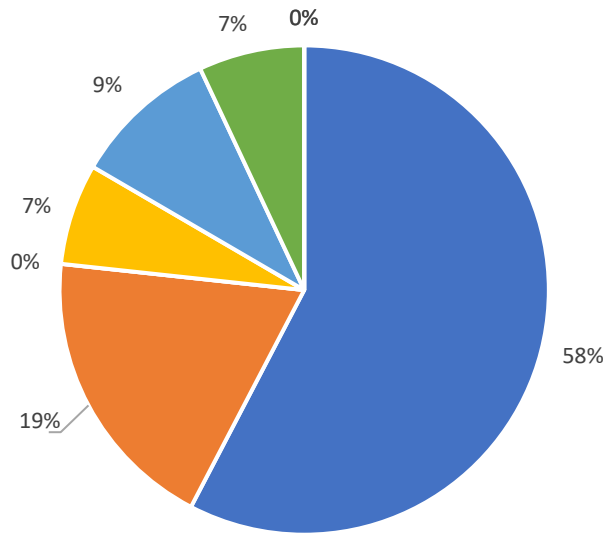
Economic Development Fund Assistance Since Inception

Active Programs	Authorization	Year Established	Assistance provided- CY2023	Cumulative Assistance Provided
Economic Development Fund Grant and Loan Program (EDFGLP)	Montgomery County Code, Secs 20-73 to 20-75	FY 1996	\$1,650,000	\$60,310,150
Biotechnology Investor Incentive Supplement Program (BIIS)	Montgomery County Code, Sec. 20-76A	FY 2012	\$191,433	\$4,378,399
Small Business Assistance Program (SBAP)	Montgomery County Code, Sec. 20-76B	FY 2013	\$0	\$2,025,689
Make Office Vacancy Extinct Program (MOVE) ¹	County Council Resolution 18-432	FY 2014	\$545,192	\$5,573,770
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	\$950,000
SBIR/STTR Matching Grant Program (SBIR/STTR)	Montgomery County Code, Sec. 20-76E	FY 2019	\$275,000	\$1,975,000
Total			\$2,861,625	\$75,827,435

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 as needed for designated projects.

2023 Economic Development Fund Expenditures
\$2,861,625



- EDF Grant & Loan - \$1,650,000
- Small Business Assistance - \$0
- SBIR/STTR - \$275,000
- Impact Assistance Fund - \$0
- MOVE - \$545,192
- Biotech Investor Supplement - \$191,433
- Microlending - \$200,000
- Cybersecurity Supplement - \$0

Highlights for 2023

Economic Development Grant & Loan Program - For Calendar Year 2023 (CY23), the program continued to support the expansion of biotechnology, a key strategic economic sector in the County. CY23 saw approval of one conditional grant of \$100,000 which will facilitate a major pharmaceutical manufacturer’s continued expansion in the County with capital investment of over \$200 million, and the creation of 100 additional jobs.

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. There were six SBIR grants awarded totaling \$275,000.

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 ³	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	Total
Projects awarded	6	4	4	2	5	1	22
Amount awarded	\$1,850,000	\$5,165,000	\$1,925,000	\$150,000	\$405,000	\$100,000	\$9,595,000
Projects with State participation	6	3	4	2	3	1	19
State leverage per County dollar	\$2.18	\$2.83	\$4.27	\$2.83	\$10.54	\$5.00	\$2.30
Jobs retained	1,185	504	560	312	1,005	2,600	6,166
Jobs attracted or created	706	297	1,586	369	780	100	3,838
Private capital investment (millions)	\$173.4	\$144.0	\$170.0	\$256.3	\$310.0	200.0	\$1,253.7
Award dollars per total jobs	\$978	\$6,448	\$897	\$667	\$227	\$500	\$959
Funded Projects	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	Total
Number of projects	8	6	6	5	2	3	32
Amount funded	\$2,431,568	\$1,839,256	\$4,665,000	\$3,450,000	\$1,550,000	\$1,650,000	\$15,585,824
Total jobs at funding	1,504	1,211	1,663	369	161	70	4,978
Average salary at funding	\$75,567	\$112,198	\$100,535	\$111,069	\$260,938	\$131,226	\$131,922

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 2023 the County did not issue any formal recall notices for failure to adhere to the terms of respective Economic Development Fund Agreements.

³ 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.

Ten-year Summary of Outcomes (2013 - 2023)

Outcome	Number of Cases	Funded Amount	Recalled Amount	Repaid Amount ⁴	Contracted Jobs	Final Jobs ⁵	Award Dollars per Final Job
Closed Cases							
Met contracted milestones ⁶	6	\$6,908,665	-	-	845	1,049	\$3,287
Partially met contracted milestones, made partial repayment	4	\$1,770,000	\$593,642	\$587,572	898	650	\$2,723
Partially met contracted milestones, made full repayment	4	\$880,000	\$941,835	\$941,835	553	393	\$2,239
Total Satisfied Cases	14	\$9,558,665	\$1,535,477	\$1,529,407	2,296	2,092	\$4,569
Did not meet contracted milestones, no repayment	5	\$369,000	\$255,000	-	126	0	N/A
Active Cases ⁷	38	\$52,971,000	-	-	9,837	9,188	\$5,765

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 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 per square foot leased, up to a maximum grant amount of \$80,000.

For Calendar Year 2023, the Move Program supported 22 companies that leased a total of 92,760 square feet of space. Of that total, 39,782 square feet (43%) was leased to 3 Biotechnology/Life Science companies. Five IT-related companies leased 24,786 square feet of space (27%) and health-related companies leased an additional 14,817 square feet of space (16%). The remaining 13,375 square feet

⁴ Includes principal and interest.

⁵ Final Jobs reflects the number of jobs at the time the EDFA was satisfied or recalled.

⁶ Award dollars per Final Job for companies that met contracted milestones is based upon a funded amount of \$3,488,515 as satisfied grants in the amount of \$3,420,150 had no job requirements

⁷ For Active Cases, job count reflects the most recent performance reports submitted to date.

(14%) supported by the program was leased to companies across a variety of industry sectors: engineering, construction & design, professional services, and a non-profit organization. The average lease term is 69 months. Relative to location, MOVE grants were awarded to businesses leasing space in Gaithersburg (27%, 6 awards) Rockville (23%, 5 awards), Germantown (23%, 5 awards) Silver Spring (13%, 3 awards), Bethesda (9%, 2 awards), and Kensington (5%, 1 award). (See Appendix C for details.)

Six-Year MOVE Program Summary

	Calendar Year 2018	Calendar Year 2019	Calendar Year 2020	Calendar Year 2021	Calendar Year 2022	Calendar Year 2023	Total
Number of awards	22	27	16	11	25	22	123
Amount awarded	\$664,416	\$718,838	\$432,868	\$310,496	\$771,672	\$545,192	\$3,443,382
Square footage leased	96,024	102,014	64,299	38,813	75,148	97,260	473,558
Average lease term (months)	72	62	58	66	65	69	65
Initial jobs ⁸	84	176	58	54	84	135	591
Award dollars per initial jobs	\$7,910	\$4,084	\$7,463	\$5,750	\$9,187	\$4,038	\$5,826
Projected three-year job total	323	618	396	180	296	364	2,177
Award dollars per total jobs	\$2,057	\$1,163	\$1,093	\$1,327	\$2,607	\$1,498	\$2,220

⁸ 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 tax credit 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.)

For Calendar Year 2022 the Maryland Department of Commerce advised that no investors in Montgomery County biotechnology companies had been certified to receive Biotechnology Tax Credits. While the Department of Commerce issued no certifications for 2022, the table below reflects disbursements made in calendar year 2022 in the amount of \$326,671. This amount represents certifications from prior calendar years which were not disbursed until Calendar Year 2022. This is due primarily to investor delay in meeting procedural requirements for disbursement. 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 2023.

Six-Year Biotechnology Investor Incentive Program Summary

	CY2018	CY 2019	CY2020	CY2021	CY2022	CY2023	Total
County Appropriation	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	200,000	\$3,000,000
Number of Companies	7	5	5	8	6	N/A	31
Number of investments eligible for Supplement ⁹	39	27	37	30	22	N/A	155
Total private investment dollars	\$8,970,535	\$8,515,000	\$7,427,667	\$6,196,330	4,439,999	N/A	\$35,549,531
Total Approved Biotechnology Tax Credits	\$4,510,241	\$4,635,000	\$3,512,834	\$3,098,165	2,070,000	N/A	\$17,826,240
County supplement percent ROI ¹⁰	5.6%	5.8%	6.7%	8.1%	7.3%	N/A	6.7%
Total ROI, including MD tax credit ¹¹	55.8%	60.3 %	54.0%	58.0%	53.9%	N/A	56.4%

⁹ Does not represent total number of investors in the companies reported, only those eligible to receive Biotechnology Tax Credits.

¹⁰ ROI percentages in Total Column represent the 6-year average ROI.

¹¹ 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 2023.

Six-Year Cybersecurity Investor Incentive Program Summary

	CY 2018 ¹²	CY2019 ¹³	CY2020	CY2021	CY2022	CY2023	Total
County Appropriation	\$127,395	\$66,000	\$66,000	66,000	0	0	\$325,395
Number of businesses	0	0	0	0	0	0	0
Number of investments	0	0	0	0	0	0	0
Total private investment dollars	\$0	0	\$0	0	0	0	\$0

¹² For Calendar Years 2018 through 2022 the Maryland Department of Commerce reported no Cybersecurity Investment Tax Credits for Montgomery County Cybersecurity Companies. The County has not received Commerce’s report for Calendar Year 2023.

¹³ 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 Reedie 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 no Small Business Assistance Program awards were disbursed in CY2023. (See Appendix F for information.)

Small Business Assistance Program Summary Since Inception

	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	Totals
Amount disbursed:	\$514,958	\$496,075	\$368,700	\$523,709	\$123,093	\$0	\$2,026,535
Disbursements:	32	25	12	9	10	0	88
New applications approved:	14	6	4	4	0	N/A	31
Businesses receiving Technical Assistance ¹⁴	57	51	37	28	20	N/A	251

¹⁴ 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 2023 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	CY2023	Total
Amount disbursed:	\$175,000	\$198,672	\$47,360	\$0	\$0	\$0	\$421,032
Disbursements:	7	8	2	0	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 County 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 ended on June 30, 2023. Consequently, SBIR/STTR disbursements in the last six months of Calendar Year 2023 are presented in the table below, in which no Phase 0 grants were awarded, one Phase I matching grant was awarded for \$25,000 and five Phase II matching grants were awarded for \$50,000 each for total program disbursements of \$275,000 in 2023.

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 a 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

	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	Totals
Phase I Grant Recipients	9	4	3	7	1	1	25
Phase I Grant Awards amount	\$225,000	\$100,000	\$75,000	\$175,000	\$25,000	\$25,000	\$625,000
Phase I Federal Grant Dollars Leveraged	\$2,361,064	\$1,142,510	\$1,036,941	\$3,413,560	\$174,964	\$252,388	\$8,381,427
Phase II Grant Recipients	4	4	4	5	0	5	22
Phase II Grant Awards amount	\$300,000	\$237,500	\$237,500	\$350,000	0	\$225,000	\$1,350,000
Phase II Federal Grant Dollars Leveraged	\$6,031,385	\$6,451,214	\$5,837,722	\$10,905,236	0	\$4,047,368	\$33,272,925
	Total Matching Grant Awards	47					\$1,975,000

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 2023, there have been 512 Montgomery County small businesses that have received microloans totaling \$1,965,924, for an overall average loan amount of \$3,840.

Microloan Program Summary

	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	Totals:
Life Asset:							
Total Microloans Provided	50	51	84	0	89	178	452
Total Dollar Amount Awarded ¹⁵	\$103,798	\$102,200	\$295,850	\$0	\$296,100	\$662,700	\$1,460,648
							Average loan: \$3,232
LEDC:							
Total Microloans Provided	11	13	3	15	9	9	60
Total Dollar Amount Awarded	\$89,287	\$89,030	\$39,142	\$99,317	\$91,000	\$97,500	\$505,276
							Average loan: \$8,421

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.

¹⁵ 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.

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.

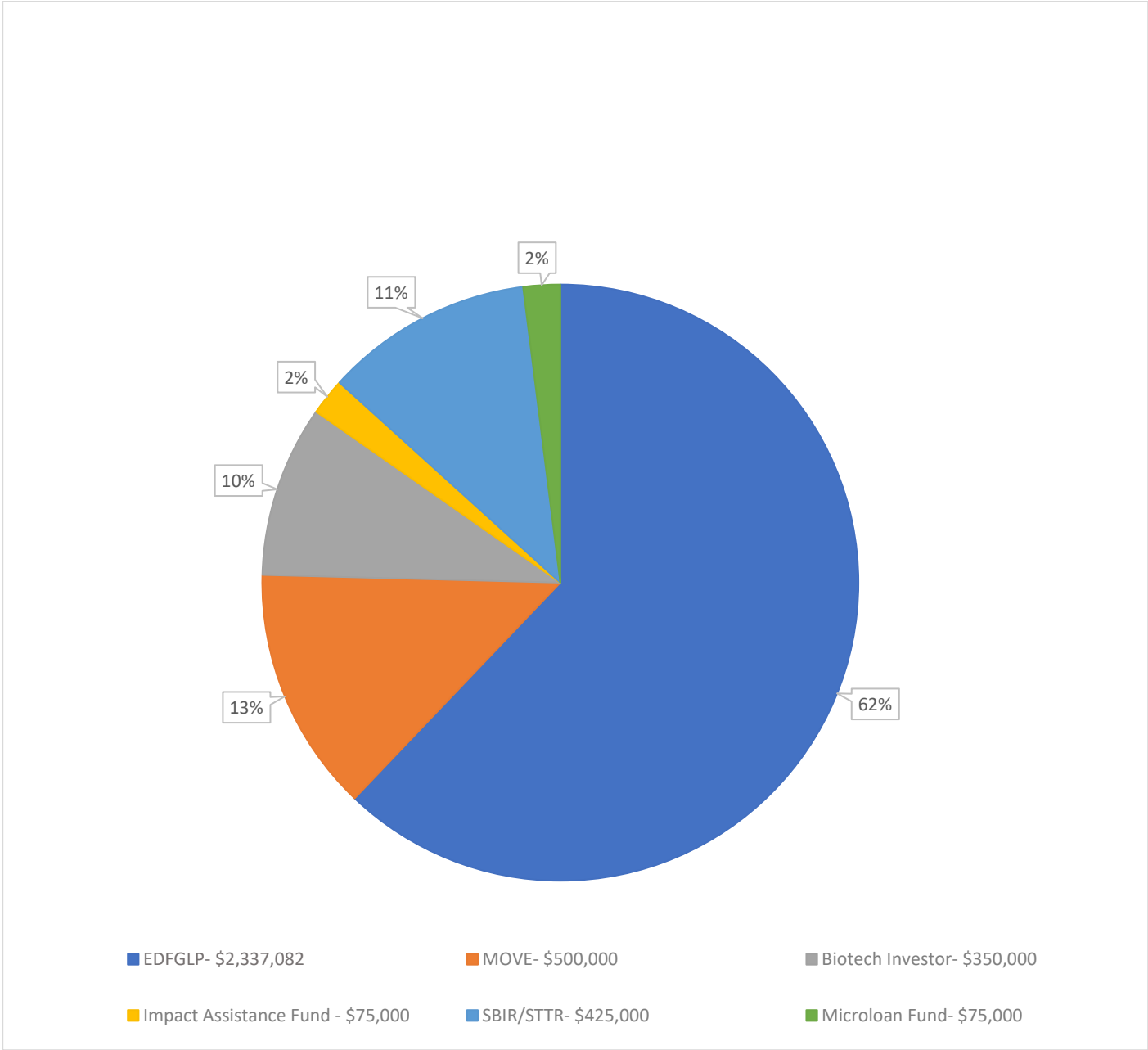
As a condition of the County's \$250,000 conditional grant, additional funding from an alternative source was required, with a minimum contribution of \$100,000. In 2018, Bethesda Green obtained \$150,000 from the Diana Davis Foundation and County funds were disbursed.

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 2023¹⁶



¹⁶ Since the EDF Annual report is presented on a calendar year basis, the EDF budget for Calendar Year 2023 represents one half of the annual budget for Fiscal Year 2023 and one half of the annual budget for Fiscal Year 2024. The annual appropriation for each respective subprogram of the EDF is derived from historic and estimated demand and current or anticipated economic conditions. 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 EDFGLP appropriation is inclusive of present long-term program commitments (greater than one year) of \$1,550,000.

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	\$10,400,000	Annual amount is based on real property value at Project Site.
Meso Scale Diagnostics ¹⁷	\$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 ¹⁸	\$5,000,000	\$250,000 annually for 6 years	FY21 - 26	\$500,000	Second Phase of \$5,000,000 EDF conditional grant, subject to final capital expenditure in FY23.
Totals		\$ 1,550,000		\$11,100,000	

¹⁷ 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.

¹⁸ 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 2023**

Recipient	Award	Status	Purpose	Industry	Location
Astra Zeneca Pharmaceuticals, LP	\$100,000	Pending	Expansion	Pharmaceutical Manufacturing	Rockville
Totals	\$100,000				

Appendix C: MOVE Grants Awarded in Calendar Year 2023

Recipient	Award Value	Square Feet	Industry	Location	Initial Jobs	Projected Jobs (3 Yrs.)
Summerfield Eye Physicians & Surgeons, LLC	\$32,832	4,104	Healthcare	Rockville	3	12
My Kids Dental Center, LLC	\$18,800	2,350	Healthcare	Silver Spring	1	5
Unity Pediatrics, LLC	\$22,040	2755	Healthcare	Germantown	2	5
DAVMOS Healthcare Services, LLC	\$1,600	200	Healthcare	Silver Spring	2	20
Refresh Skin Clinic Inc.	\$1,104	138	Health & Beauty	Silver Spring	1	4
GEI Consultants, Inc.	\$10,232	1,279	Engineering	Rockville	5	9
American Minority General Contractors, LLC	\$12,600	1575	Construction Consulting	Gaithersburg	10	5
Origin Wireless, Inc	\$80,000	17,086	IT/Technology	Rockville	33	25
Iplans America LLC	\$21,800	2,725	IT/Software	Gaithersburg	3	17
Top Knowledge Healthcare Institute-Montgomery	\$13,952	1,744	Healthcare	Rockville	1	5
MBEF College Career and Academies, Inc.	\$18,184	2,273	Non Profit	Gaithersburg	2	21
Desena dba Maryland Spine and Health Chiropractic Clinic	\$18,208	2,276	Healthcare	Germantown	3	10
VOLT, Inc.	\$28,792	3,599	AI/Software	Bethesda	2	50
Omega 3 Nutrition, Inc.	\$29,600	3,700	Food Manufacturing	Rockville	7	35
Vaccitech North America, Inc.	\$80,000	19,692	Biotechnology	Germantown	0	35
Designed Happy, LLC	\$12,000	1,500	Architecture/Design	Kensington	1	4
Silvec Biologies, Inc.	\$18,056	6,000	Biotechnology	Gaithersburg	11	0
Service 1st Financial, LLC	\$24,384	3,048	Financial Services	Bethesda	10	30
BIITECH	\$5,600	700	IT Consulting	Germantown	5	10
Deka Biosciences, Inc.	\$80,000	14,090	Biotechnology	Germantown	29	45
Zio Technologies, Inc.	\$5,408	676	IT Consulting	Gaithersburg	3	15
Uzima Child and Family Therapy	\$10,000	1,250	Mental Health Care	Gaithersburg	1	2
Totals	\$545,192	92,760			135	364

**Appendix D: Montgomery County Companies with Investors Receiving 2023¹⁹
Biotech Investor Incentive Supplements**

Company	No. of Investors	Investment Received	County Support to Investors
American Gene Technologies	2	\$600,000	\$48,415
DxNow	3	\$300,000	\$14,977
Ibex Biosciences	5	\$1,524,000	\$122,975
Hememics Biotechnologies	2	\$75,000	\$5,336
Totals	12	\$2,499,000	\$191,703

**Appendix E: Montgomery County Companies with Investors Receiving 2021²⁰ Cybersecurity
Investor Incentive Supplements**

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

**Appendix F: Montgomery County Small Business Assistance Program (SBAP)
Grant Recipients for CY2023**

Business	SBAP Funds Received in CY 2023
None	\$0
TOTAL:	\$0

Appendix G: Impact Assistance Fund (IAF) Grant Recipients for CY2023²¹

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

¹⁹ Biotechnology Investor Incentive Supplements are contingent upon the issuance of Maryland Biotechnology Investor Incentive Tax Credits by the Maryland Department of Commerce. 1

²⁰ There were no Cybersecurity Investor Incentive Supplements paid in Calendar Year 2023 as the State of Maryland did not certify any Montgomery County company as eligible to receive Cybersecurity Investor Incentive Tax Credits.

²¹ For Calendar Year 2023, no applications were received or grants disbursed from the Impact Assistance Fund.

Appendix H: SBIR/STTR Matching Grant Recipients for CY2023

Recipient Name	Phase I or II	County Award Amount	Location	Federal Grant Award
Lumo Imaging, LLC	I	\$25,000	Rockville	\$252,388
Subtotal Phase I		\$25,000		\$252,388
Silvec Biologics, LLC	II	\$50,000	Gaithersburg	\$650,000
Silvec Biologics, LLC	II	\$50,000	Gaithersburg	\$994,939
Rise Therapeutics, LLC	II	\$50,000	Rockville	\$1,026,596
PediaMetrix, Inc.	II	\$50,000	Rockville	\$252,059
Creative Bio-Peptides Inc.	II	\$50,000	Potomac	\$1,123,774
Subtotal Phase II		\$250,000		\$4,047,368
Total		\$275,000		\$4,299,756

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 Amount²²	Written-off Amount	Current Jobs²³
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 ²⁴	\$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 ²⁵)	FY 2013	\$0

²² Includes interest and loan fees

²³ Data was collected from Maryland Quarterly Census of Employment and Wages reports, when available.

²⁴ Nine loans have been inactive for over one year and will be reviewed with OCA for further action to resolve delinquencies.

²⁵ 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.