Montgomery County Council

Committee: ECON
Committee Review: Completed
Staff: Jim Ogorzalek, Legislative Attorney
Purpose: Final action – vote expected

AGENDA ITEM #4C
July 21 2026
Action

SUBJECT

Bill 22-26, Finance – Economic Development Fund - Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program - Repeal of Sunset Date

Lead Sponsor: Council President at the Request of the County Executive

EXPECTED ATTENDEES

N/A

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Economic Development (ECON) Committee recommends (4-0) the enactment of Bill 22-26, with amendments
- The Council will hold a roll call vote on the ECON Committee recommendation to enact Bill 22-26, with amendments.

DESCRIPTION/ISSUE

Bill 22-26 would:

(1) repeal the sunset date affecting the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program; and
(2) generally amend the law regarding the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program.

SUMMARY OF KEY DISCUSSION POINTS

N/A

<u>This report contains:</u>

Staff Report	Pages 1–4
Bill 22-26	© 1
Fiscal Impact Statement	© 5
County Executive Transmittal	© 7
Climate Assessment	© 13
Racial Equity and Social Justice Impact Statement	© 16
Economic Impact Statement	© 20

AGENDA ITEM #4C
July 21 2026
Action

MEMORANDUM

July 16, 2026

TO: County Council

FROM: Jim Ogorzalek, Legislative Attorney

SUBJECT: Bill 22-26, Finance – Economic Development Fund - Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program - Repeal of Sunset Date

PURPOSE: Action – roll call vote expected

Committee Recommendation: The Economic Development (ECON) Committee voted (4-0) to recommend the enactment of Bill 22-26, with amendments.

Bill 22-26, Finance – Economic Development Fund – Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program – Repeal of Sunset Date, was introduced on May 5, 2026. Its Lead Sponsor is the Council President at the Request of the County Executive. A public hearing occurred on June 9, 2026, at 1:30 p.m. The Economic Development (ECON) Committee considered the bill on Monday, July 13, 2026 and recommended (4-0) the enactment of the bill, with amendments.

Bill 22-26 would:

(1) repeal the sunset date affecting the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program; and
(2) generally amend the law regarding the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program.

Background

In 2018, the County Council enacted Bill 41-17, which established the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Matching Grant Program, administered by the Director of Finance using the Economic Development Fund. The matching grant is available to County-based small businesses that receive either a Phase I or Phase II grant under either the Small Business Innovation Research Grant or the Small Business Technology Transfer Grant, each of which is a federal grant program. When enacted, the bill contained a sunset provision, rendering the SBIR and STTR section of the Montgomery County Code ineffective after July 1, 2025.

Bill Specifics

Bill 22-26 would delete the law's sunset provision. The bill also contains a transition section clarifying that entities that received federal funding following the law's sunset, but which otherwise would have been eligible for the matching grant, are eligible for the matching grant.

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact. "The legislation is not expected to result in any additional fiscal impact. The program is fully supported by the existing appropriation, and no supplemental appropriation is required."

Climate Assessment. "The Office of Legislative Oversight (OLO) anticipates Bill 22-26 will have no impact as it is repealing a sunset for an existing program that has no impact on the County's contribution to addressing climate change."

Racial Equity and Social Justice Impact. "The Office of Legislative Oversight (OLO) anticipates Bill 22-26 would have a minimal impact on racial equity and social justice (RESJ) in the County. Bill 22-26 would effectively reinstate an existing County program: the Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program. This grant program likely reinforces existing racial disparities in local STEM industries by investing in business owners and employees who are disproportionately White and Asian. However, since Bill 22-26 is continuing an existing program, it is not likely to further improve nor worsen these disparities."

Economic Impact. "OLO anticipates that Bill 22-26 would positively impact overall economic conditions in the County. [T]he Bill could help certain recipients increase their sales, boost innovation (e.g., patents), and ease their access to external finance, while also producing smaller, indirect benefits for other County businesses through R&D spillovers. These impacts could translate into improvements in local economic development. While this analysis does not evaluate the potential economic impacts associated with alternative uses of funds allocated to the program, the available evidence on SBIR-type interventions suggests the Bill is likely to generate net economic benefits for the County over time."

Summary of Public Testimony

A public hearing was held on June 9, 2026, at 1:30 p.m. No speakers testified regarding this bill.[1]

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[1] No written testimony was submitted by the date of this Staff Report. If written testimony is submitted, it will be available here: https://www.montgomerycountymd.gov/public-hearing-testimony-index-council-session-june-9-2026-130pm.

SUMMARY OF THE COMMITTEE WORKSESSION

The Economic Development (ECON) Committee considered the bill on July 13, 2026, and recommended (4-0) the enactment of the bill, with amendments.

1. **Clarifying application eligibility window**

As presently set forth in the Code, to be eligible, a business must have "been awarded a SBIR or STTR Phase I or Phase II grant during the current fiscal year to conduct research in medicine, biotechnology, or life sciences[.]" M.C.C. § 20-76E(c)(1). This could create the unintended consequence that an entity that receives a federal grant at the end of a fiscal year may not have time to apply for the County match and inadvertently become ineligible (this is distinct from an eligible entity receiving funds in a future fiscal year in the event County funds are exhausted). The Committee adopted the proposed Staff amendment to remove the loophole that might prevent otherwise eligible entities from receiving a matching grant.

Amend lines 17–20 as follows:

(c) *Eligibility.* A business is eligible to receive the matching grant if the business:

(1) has been awarded a SBIR or STTR Phase I or Phase II grant **[[**during the current fiscal year**]]** <u>within the 12 months preceding the application for the matching grant</u> to conduct research in medicine, biotechnology, or life sciences;

2. **Codifying Phase 0 grant program**

The amendment would codify the Phase 0 grant already included in the Code of Montgomery County Regulations and presently implemented using the Economic Development Fund. The amendment would provide for Phase 0 grant eligibility regardless of industry—as opposed to the Phase I and Phase II grants, which are restricted to medicine, biotechnology, or life sciences. The Committee adopted the amendment offered by Council President Fani-González codify the Phase 0 grant program. Following the Committee's consideration of the amendment, during further discussions between Council and Executive Branch staffs, at the request of Executive Branch Staff, the words "legitimate" and "bona fide" were added to subsection (d), to provide it some flexibility to investigate and potentially deny fraudulent applications. Council Staff provided this revision to the Committee members prior to the Staff Report's posting and received no objection.

Add lines 25–36, as follows:

(d) <u>*Phase 0 Grant.* A business is eligible to receive a Phase 0 grant up to $5,000 for legitimate business expenditures related to the completion and filing of a</u>

bona fide SBIR or STTR Phase I or Fast Track grant application, including technical assistance, if:

(1) it is in Good Standing with the SDAT;

(2) it has business expenditures related to the completion and filing of a SBIR or STTR Phase I or Fast Track grant application, including technical assistance, related to a submitted SBIR/STTR Phase 1 proposal, regardless of industry;

(3) at least 51 percent of the business's research and development assisted by the SBIR or STTR grant is conducted in Montgomery County;

(4) it has a maximum number of 20 employees;

(5) it has been in operation for no more than 5 years;

(6) it has previously received no more than one Phase 0 grant from the County to pursue Phase I awards; and

(7) it has never received an SBIR or STTR award.

(e) *Regulations.* The Executive may adopt regulations under Method (2) to implement this Section.

[[(e)]] (f) *Administration.*

* * *

Next Step:[2] Roll call vote on whether to enact Bill 22-26.

This packet contains:	Circle #
Bill 22-26	1
Fiscal Impact Statement	5
County Executive Transmittal	7
Climate Assessment	13
Racial Equity and Social Justice Impact Statement	16
Economic Impact Statement	20

[2] The Council authorizes Council Legislative Attorneys to make non-substantive technical corrections necessary to fix any typographical, stylistic, formatting, or grammatical errors in Bill 22-26.

Bill No. 22-26
Concerning: Finance – Economic Development Fund - Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program - Repeal of Sunset Date
Revised: 7/16/2026 Draft No. 2
Introduced: May 5, 2026
Expires: December 7, 2026
Enacted: ___
Executive: ___
Effective: ___
Sunset Date: ___
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN ACT to:

(1) repeal the sunset date affecting the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program; and
(2) generally amend the law regarding the Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program.

By amending
Montgomery County Code
Chapter 20, Finance
Section 20-76E

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

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

Sec. 1. Section 20-76E is amended, as follows:

Article XIII. Economic Development Fund.

* * *

20-76E. Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program.

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

Director means the Director of Finance or the Director's designee.

Small Business Innovation Research Grant or SBIR means the congressionally-mandated set-aside program by that name for U.S. small businesses to engage in research and development that has a strong potential for commercialization.

Small Business Technology Transfer Grant or STTR means the congressionally-mandated set-aside program by that name for U.S. small businesses to engage in research and development that has a strong potential for commercialization.

(b) *Grant Program.* The Director of Finance must pay, subject to appropriation, a SBIR or STTR Matching Grant to each business who meets certain eligibility standards.

(c) *Eligibility.* A business is eligible to receive the matching grant if the business:

(1) has been awarded a SBIR or STTR Phase I or Phase II grant **[[**during the current fiscal year**]]** within the 12 months preceding the application for the matching grant to conduct research in medicine, biotechnology, or life sciences;

(2) conducts at least 51**[**%**]** percent of its research and development operations at a physical location in the County; and

(3) meets any other eligibility criteria established under subsection (d) regarding business size or characteristics.

(d) *Phase 0 Grant.* A business is eligible to receive a Phase 0 grant up to $5,000 for legitimate business expenditures related to the completion and filing of a bona fide SBIR or STTR Phase I or Fast Track grant application, including technical assistance, if:

(1) it is in Good Standing with the SDAT;

(2) it has business expenditures related to the completion and filing of a SBIR or STTR Phase I or Fast Track grant application, including technical assistance, related to a submitted SBIR/STTR Phase 1 proposal, regardless of industry;

(3) at least 51 percent of the business's research and development assisted by the SBIR or STTR grant is conducted in Montgomery County;

(4) it has a maximum number of 20 employees;

(5) it has been in operation for no more than 5 years;

(6) it has previously received no more than one Phase 0 grant from the County to pursue Phase I awards; and

(7) it has never received an SBIR or STTR award.

(e) *Regulations.* The Executive may adopt regulations under Method (2) to implement this Section.

[[(e)**]]**(f) *Administration.*

(1) The Director must administer the Program.

(2) The Director must require a business to enter into an agreement under Section 20-75(f), including an agreement to pay back any grant payments received if:

(A) the business does not remain in the County for a minimum time period specified in the agreement; or

(B) the business uses the payment for an unauthorized purpose.

(3) An eligible business that does not receive a grant due to lack of available funding may be awarded a grant in the following year.

(4) The Director must report annually to the Council regarding

demographic data, including the race, ethnicity, and gender of the owners of eligible businesses, applicants, and awardees under the Program.

[(f) *Sunset.* This Section is not effective after July 1, 2025.**]**

Sec. 2. Transition. An otherwise eligible business under Section 20-76E(c) that received a SBIR or STTR Phase I or Phase II grant between July 1, 2025, and the effective date of this Act and that applied for a grant during that time period may still be considered for a County matching grant during the current fiscal year.

Fiscal Impact Statement

Office of Management and Budget

Bill XX-25	SBIR/STTR Matching Grant Program - Sunset Repeal and Retroactive Authorization
Bill Summary	The Montgomery County Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program was established under Bill 41-17, enacted in March 2018, to provide matching grant funds to small businesses engaged in research or research and development (R&D) with strong commercial potential. The program was designed to support the growth of early-stage life sciences companies, aligning with the County's broader economic development strategy to accelerate innovation. Bill 41-17 included a sunset provision, which caused the program to expire on July 1, 2025. This legislation aims to ensure continuity of support for small businesses pursuing federal SBIR/STTR awards and to reinforce Montgomery County's commitment to innovation-driven economic growth.
Fiscal Impact Summary	The legislation is not expected to result in any additional fiscal impact. The program is fully supported by the existing appropriation, and no supplemental appropriation is required.
Fiscal Impact Analysis	The FY26 appropriation will support program activities as planned. Future funding will be determined through the annual budget process and is expected to reflect ongoing demand.
Staff Impact	The bill is not expected to impact staff time or duties.
Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The bill does not authorize future spending.
Contributors	Derese Bikila, Office of the County Executive Julie Knight, Office of Management and Budget

LEGISLATIVE REQUEST REPORT

BILL: XX-26

DESCRIPTION: The Montgomery County SBIR/STTR Matching Grant Program was enacted in March 2018 under Bill 41-17, Economic Development Fund – Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program, with the intent to attract and support the growth of early-stage life sciences companies. This aligns with the County's broader economic development strategy of accelerating innovation. The bill also included a sunset date, which took effect on July 1, 2025.

PROBLEM: The SBIR/STTR Matching Grant Program expired on July 1, 2025. Therefore, the County Executive is requesting that the County Council repeal the sunset date in Section 20-76E of the Montgomery County Code.

GOALS: These programs aim to stimulate technological innovation, meet federal R&D needs, and drive economic growth by supporting small businesses in developing and commercializing new technologies. The County Executive would like these programs to continue.

COORDINATION: Office of the County Executive.

FISCAL IMPACT: None

ECONOMIC: IMPACT None

EVALUATION: N/A

EXPERIENCE: ELSEWHERE No other jurisdiction in the nation has similar programs.

SOURCE OF: INFORMATION Department of Finance

APPLICATION: WITHIN MUNICIPALITIES N/A

PENALTIES: N/A

OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

April 24, 2026

TO: Natali Fani-González, President
Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: Bill XX-26 - SBIR/STTR Program - Repeal of Sunset Date

I am transmitting Bill XX-26 to eliminate the sunset date of the SBIR/STTR Matching Grant Program that occurred on July 1, 2025. Continuing this important economic development program supports Montgomery County's efforts to position itself as a national center of excellence in life sciences and our standing as one of the nation's leading bioscience hubs.

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are highly competitive federal initiatives that encourage small businesses to engage in research or research and development (R&D) with strong commercial potential. These programs aim to stimulate technological innovation, meet federal R&D needs, and drive economic growth by supporting small businesses in developing and commercializing new technologies.

The Montgomery County SBIR/STTR Matching Grant Program was enacted in March 2018, under Bill 41-17, *Economic Development Fund – Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program*, with the intent to attract and support the growth of early-stage life sciences companies, aligning with the County's broader economic development strategy of accelerating innovation[1]. This bill also introduced a sunset date that occurred on July 1, 2025, requiring funding to be approved retroactively to this date.

[1] Montgomery County Economic Development Strategic Plan.
https://static1.squarespace.com/static/5873c778e6f2e14a3529e892/t/624dd72fc30a024d37415e42/1649268531081/Economic_Development_Strategic_Plan_040622.pdf

Initially, the SBIR/STTR matching funds were provided only to businesses that had received SBIR or STTR awards from the National Institutes of Health (NIH). In June 2021, Bill 37-19 expanded the scope to include SBIR/STTR awards from any federal agency, provided the research focused on medicine, biotechnology, or life sciences.

In November 2022, Bill 31-22 introduced further amendments, including:

- A cap on the number of Phase I and Phase II matching grants per business,
- A reduction in the matching award amount for Phase II awardees, from $75,000 to $50,000, and
- The creation of a Phase 0 grant to reimburse technical assistance expenditures for businesses pursuing their first SBIR or STTR award.

Since its launch in FY2019, the SBIR/STTR Matching Grant Program has received consistent annual appropriations, with the FY2026 allocation totaling $200,000. The program has consistently been fully subscribed or oversubscribed, demonstrating strong demand from the life sciences community.

As of September 30, 2025, the County has received two Phase 0 applications under the revised guidelines, representing approximately $10,000 in anticipated expenditures. With upcoming federal SBIR/STTR submission deadlines in September and January, additional applications are expected.

Over the past seven years, the program has:

- Attracted more than 30 R&D - focused companies in biotechnology, life sciences, and medicine to Montgomery County.
- Provided $2.13 million in County matching funds.
- Leveraged nearly $45 million in federal grants.
- Contributed to the creation of approximately 400 well-paying jobs in the life sciences sector – an industry critical to the County's economic future.

There is $200,000 appropriated for FY26, and funding will not be an issue if the sunset date is eliminated and funding is approved retroactively to this date. The Department of Finance and the Business Center recommend removing the program's sunset date to continue supporting the growth of early-stage life sciences companies, in alignment with Montgomery County's broader economic development strategy.

Please direct any questions about the program to Derese D. Bikila, Economic Development Programs Manager in the County Executive's Business Center at 240-777-8864 or at Derese.Bikila@montgomerycountymd.gov.

Enclosures: Bill XX-26 – SBIR/STTR Program - Repeal of Sunset Date
Fiscal Impact Statement

Legislative Request Report

cc: Tommy Heyboer, Chief of Staff to the Council President, Montgomery County Council
Craig Howard, Executive Director, Montgomery County Council
Richard S. Madaleno, Chief Administrative Officer
Ken Hartman-Espada, Assistant Chief Administrative Officer
Tricia Swanson, Director of Strategic Partnerships
Judith Costello, Special Projects Manager, Office of the County Executive
Derese Bikila, Program Manager, Office of the County Executive
Michael Coveyou, Director, Department of Finance

Bill No. [Click - type number]
Concerning: Finance – Repeal of Sunset Date
Revised: [date] Draft No. 1
Introduced: [date]
Expires: [18 mos. after intro]
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: [date expires]
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN ACT to:

(1) repeal the sunset date of Section 20-76E of the Montgomery County Code.

By adding

Montgomery County Code
Chapter 20, Finance
Section 20-76E

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

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

Sec. 1. Section 20-76E is amended, as follows:

Article XIII. Economic Development Fund.

* * *

20-76E. Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program.

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Small Business Technology Transfer Grant or STTR means the congressionally-mandated set-aside program by that name for U.S. small businesses to engage in research and development that has a strong potential for commercialization.

(b) *Grant Program.* The Director of Finance must pay, subject to appropriation, a SBIR or STTR Matching Grant to each business who meets certain eligibility standards.

(c) *Eligibility.* A business is eligible to receive the matching grant if the business:

(1) has been awarded a SBIR or STTR Phase I or Phase II grant during the current fiscal year to conduct research in medicine, biotechnology, or life sciences;

(2) conducts at least 51% of its research and development operations at a physical location in the County; and

(3) meets any other eligibility criteria established under subsection (d) regarding business size or characteristics.

(d) *Regulations*. The Executive may adopt regulations under Method (2) to implement this Section.

(e) *Administration.*

(1) The Director must administer the Program.

(2) The Director must require a business to enter into an agreement under Section 20-75(f), including an agreement to pay back any grant payments received if:

(A) the business does not remain in the County for a minimum time period specified in the agreement; or

(B) the business uses the payment for an unauthorized purpose.

(3) An eligible business that does not receive a grant due to lack of available funding may be awarded a grant in the following year.

(4) The Director must report annually to the Council regarding demographic data, including the race, ethnicity, and gender of the owners of eligible businesses, applicants, and awardees under the Program.

[(f) *Sunset.* This Section is not effective after July 1, 2025.**]**

Sec. 2. Transition. An otherwise eligible business under Section 20-76E(c) that received a SBIR or STTR Phase I or Phase II grant between July 1, 2025, and the effective date of this Act and that applied for a grant during that time period may still be considered for a County matching grant during the current fiscal year.

BILL 22-26: FINANCE – ECONOMIC DEVELOPMENT FUND – SMALL BUSINESS INNOVATION RESEARCH AND SMALL BUSINESS TECHNOLOGY TRANSFER MATCHING GRANT PROGRAM – REPEAL OF SUNSET DATE

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 22-26 will have no impact as it is repealing a sunset for an existing program that has no impact on the County's contribution to addressing climate change.

BACKGROUND AND PURPOSE OF BILL 22-26

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are competitive federal awards programs coordinated by the U.S. Small Business Administration (SBA). The programs provide funding to technology-focused small businesses to "develop their ideas and a pathway to commercialization."[1] SBIR/STTR programs are structured in four phases. Awards can range from $50,000 to $1.8 million depending on the phase.[2]

In Fiscal Year 2019, the County established the local SBIR/STTR Matching Grant Program. The program provides grants to County businesses that receive federal SBIR/STTR grants to conduct research in medicine, biotechnology, or life sciences. Since its start, the program has awarded $2.13 million in grants to 30 businesses. These awards matched $45 million in federal grants.[3]

The purpose of Bill 22-26 is to reinstate the County's SBIR/STTR Matching Grant Program. The program expired by law on July 1, 2025. If enacted, Bill 22-26 would remove the sunset date of July 1, 2025. This would reinstate the program and allow it to continue permanently.[4] Bill 22-26 would also clarify businesses that received federal funding between the sunset date and the Bill's effective date can still be considered for the County's matching grant.

According to the County Executive, "[c]ontinuing this important economic development program supports Montgomery County's efforts to position itself as a national center of excellence in life sciences and our standing as one of the nation's leading bioscience hubs."[5]

The Council introduced Bill 22-26 at the request of the County Executive on May 5, 2026.

ANTICIPATED IMPACTS

OLO anticipates Bill 22-26 will have no impact as it is repealing a sunset for an existing program that has no impact on the County's contribution to addressing climate, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[6] OLO does not offer recommendations or amendments as Bill 22-26 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help increase the County's community climate resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

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[1] "About SBIR and STTR," SBIR-STTR America's Seed Fund, U.S. Small Business Administration.
[2] Funding Basics, "How to Apply," SBIR-STTR America's Seed Fund, U.S. Small Business Administration.
[3] Memo from County Executive to Council President, Introduction Staff Report for Bill 22-26, Montgomery County Council, introduced March 5, 2026, pgs. (5)-(7).
[4] Introduction Staff Report for Bill 22-26, pg. 2.

[5] Memo from County Executive to Council President, Introduction Staff Report for Bill 22-26, pg. (5).
[6] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 22-26: FINANCE - ECONOMIC DEVELOPMENT FUND - SMALL BUSINESS INNOVATION RESEARCH AND SMALL BUSINESS TECHNOLOGY TRANSFER MATCHING GRANT PROGRAM - REPEAL OF SUNSET DATE

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 22-26 would have a minimal impact on racial equity and social justice (RESJ) in the County. Bill 22-26 would effectively reinstate an existing County program: the Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Matching Grant Program. This grant program likely reinforces existing racial disparities in local STEM industries by investing in business owners and employees who are disproportionately White and Asian. However, since Bill 22-26 is continuing an existing program, it is not likely to further improve nor worsen these disparities.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.[1] This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.[2]

PURPOSE OF BILL 22-26

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are competitive federal awards programs coordinated by the U.S. Small Business Administration (SBA). The programs provide funding to technology-focused small businesses to "develop their ideas and a pathway to commercialization."[3] SBIR/STTR programs are structured in four phases. Awards can range from $50,000 to $1.8 million depending on the phase.[4]

In Fiscal Year 2019, the County established the local SBIR/STTR Matching Grant Program. The program provides grants to County businesses that receive federal SBIR/STTR grants to conduct research in medicine, biotechnology, or life sciences. Since its start, the program has awarded $2.13 million in grants to 30 businesses. These awards matched $45 million in federal grants.[5]

The purpose of Bill 22-26 is to reinstate the County's SBIR/STTR Matching Grant Program. The program expired by law on July 1, 2025. If enacted, Bill 22-26 would remove the sunset date of July 1, 2025. This would reinstate the program and allow it to continue permanently.[6] Bill 22-26 would also clarify that businesses that received federal funding between the sunset date and the Bill's effective date can still be considered for the County's matching grant.

According to the County Executive, "[c]ontinuing this important economic development program supports Montgomery County's efforts to position itself as a national center of excellence in life sciences and our standing as one of the nation's leading bioscience hubs."[7]

The Council introduced Bill 22-26 at the request of the County Executive on May 5, 2026.

This RESJIS builds on the ones for:

- Expedited Bill 31-22, Finance – Economic Development Fund - Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program, which OLO published in November 2022;[8] and
- Zoning Text Amendment 22-02, Density and Height Limits, Parking – Biohealth, which OLO published in April 2022.[9]

Please refer to these RESJISs for background on economic development, the biotech industry, and racial equity.

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 22-26 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

Owners of medicine, biotechnology, and life sciences research businesses would benefit from continuing to have access to the County's SBIR/STTR Matching Grant Program. This could help them offset their operating costs and increase their profits. **Community members employed by medicine, biotechnology, and life sciences research businesses** would also benefit from their employers continuing to have access to the grant program. This could support job stability in current roles or job creation for future roles within these industries.

As noted in the RESJIS for Bill 31-22, because of racial inequities like educational and occupational segregation, business owners and employees in Science, Technology, Engineering, and Math (STEM) industries are disproportionately White and Asian. For example, County-level data shows:

- White and Asian business owners are overrepresented in the professional, scientific, and technical services sector that contains the medicine, biotechnology, and life sciences research industries. Black and Latinx businesses owners are underrepresented in this sector, while Native American business owners are proportionately represented. (Table A, Appendix)
- White and Asian community members are more likely to be employed in management, business, science and arts occupations. Conversely, Black and Latinx community members are less likely to be employed in these occupations. (Table B, Appendix)

Bill 22-26 proposes to permanently reinstate the County's SBIR/STTR Matching Grant program. Ultimately, this would maintain the status quo of keeping the program in operation, which has been active in the County for most of the last eight years.

Taken together, OLO anticipates Bill 22-26 would have a minimal impact on RESJ in the County. Bill 22-26 would effectively reinstate the SBIR/STTR Matching Grant Program, which has been active in the County for several years. This grant program likely reinforces existing racial disparities in local STEM industries by investing in business owners and employees who are disproportionately White and Asian. However, since Bill 22-26 is continuing an existing program, it is not likely to further improve nor worsen these disparities.

RECOMMENDED AMENDMENTS

The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.[10] OLO anticipates Bill 22-26 would have a minimal impact on RESJ in the County. As such, OLO does not offer recommended amendments. However, should the Council seek to improve the RESJ impact of this Bill, OLO offers three policy options for Council consideration:[11]

- **Report business owner, employee and vendor data for SBIR/STTR Matching Grant Program awardees by race, ethnicity, and gender.** The rationale for public policies to support economic development is that their benefits exceed their costs to government. Yet, there is rarely accountability for achieving favorable returns on public investments for economic development or equitable development that narrows gaps in outcomes by race and ethnicity. To track whether the matching grant program enhances equitable economic development, the Council could encourage or require awarded firms to report data on ownership, employee, and vendor demographics by race, ethnicity, and gender.
- **Invest in workforce development opportunities, particularly for BIPOC community members.** To ensure that growth in local STEM industries benefits a cross-section of communities and reduces employment disparities by race and ethnicity, SBIR/STTR awardees could be encouraged to enter into agreements to provide workforce development opportunities for underrepresented BIPOC community members. Awardees could be encouraged to partner with community members, education institutions and non-profit partners to design and deliver programs. Career and technical education programs in secondary and post-secondary institutions, apprenticeships and targeted training could especially increase the pipeline of Black and Latinx community members into STEM professions.
- **Invest in local small businesses, especially underrepresented BIPOC small businesses.** To ensure that local small businesses inclusive of BIPOC businesses benefit from the SBIR/STTR Matching Grant Program, awardees could be encouraged to (a) partner with underrepresented BIPOC businesses to increase the success of such firms in the STEM industry; and (b) provide opportunities to BIPOC businesses that offer spillover benefits for industry expansion. For example, awardees could be encouraged to support an industry eco-system analogous to the Opportunity Hub Initiative in Atlanta that promotes "inclusive high-tech innovation, entrepreneurship, and investment eco-systems" to foster BIPOC entrepreneurship in STEM

CAVEATS

Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

APPENDIX

Table A. Professional, Scientific, and Technical Services Employer Firms by Race and Ethnicity, Montgomery County[12]

Race or ethnicity [13]	Percent of Professional, Scientific, and Technical Services Business Owners (NAICS 54)	Percent of Business Owners in All Sectors (NAICS 00)	Percent of Adult Population (2024)
Asian	20.7	19.1	16.3
Black	9.2	8.7	18.4
Native American	0.2	-	0.6
Pacific Islander	-	-	0.0
White	65.0	63.7	44.3
Latinx	5.4	9.2	19.0

Source: OLO analysis of Table AB2300CSA01, 2023 Annual Business Survey and Table S2101, 2024 American Community Survey 5-Year Estimates, Census Bureau.

Table B. Employment Rate in Management, Business, Science, and Arts Occupations by Race and Ethnicity, Montgomery County[14]

Race or ethnicity	Employment Rate
Asian	67.9
Black	47.2
White	73.9
Latinx	33.9
Countywide	59.6

Source: Table S0201, 2024 American Community Survey 5-Year Estimates, Census Bureau.

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[1] Definition of racial equity and social justice adopted from M. Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World and Racial Equity Tools.
[2] Ibid.
[3] "About SBIR and STTR," SBIR-STTR America's Seed Fund, U.S. Small Business Administration.
[4] Funding Basics, "How to Apply," SBIR-STTR America's Seed Fund, U.S. Small Business Administration.
[5] Memo from County Executive to Council President, Introduction Staff Report for Bill 22-26, Montgomery County Council, introduced March 5, 2026, pgs. (5)-(7).
[6] Introduction Staff Report for Bill 22-26, pg. 2.
[7] Memo from County Executive to Council President, Introduction Staff Report for Bill 22-26, pg. (5).
[8] RESJIS for Expedited Bill 31-22, Office of Legislative Oversight, November 18, 2022.
[9] RESJIS for ZTA 22-02, Office of Legislative Oversight, April 26, 2022.
[10] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.
[11] Policy options adapted from RESJIS for ZTA 22-02.
[12] Margins of error for data points in Table B may be large.
[13] For Tables A and B, racial groups are inclusive of Latinx origin.
[14] For Table B, estimates for Native American and Pacific Islander community members are not available.

Economic Impact Statement

Montgomery County, Maryland

Bill 22-26: Finance – Economic Development Fund – Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program – Repeal of Sunset Date

Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 22-26 would positively impact overall economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would reinstate the County's matching grant program for businesses that receive the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards. To assess its economic impacts, this analysis conducted a review of Myers, Lanahan, and Johnson's 2025 synthesis of quasi-experimental and other rigorous SBIR impact evaluations.

The Bill would primarily affect businesses that would otherwise not receive County's SBIR/STTR Matching Grant without the Bill. Based on the evidence of SBIR impacts, the policy change would likely help certain recipients increase their sales, boost innovation (e.g., patents), and ease their access to external finance. All else being equal, these impacts could boost business profits. Additionally, the Bill could also produce smaller, indirect benefits for other County businesses through R&D spillovers.

These impacts could translate into improvements in local economic development. While this analysis does not evaluate the potential economic impacts associated with alternative uses of funds allocated to the program, the available evidence on SBIR-type interventions suggests the Bill is likely to generate net economic benefits for the County over time.

Background and Purpose of Bill 22-26

The SBIR and STTR programs are competitive federal awards programs coordinated by the U.S. Small Business Administration (SBA). The programs provide funding to technology-focused small businesses to "develop their ideas and a pathway to commercialization."[1] SBIR/STTR programs are structured in four phases. Awards can range from $50,000 to $1.8 million depending on the phase.[2]

In Fiscal Year 2019, the County established the local SBIR/STTR Matching Grant Program. The program provides grants to County businesses that receive federal SBIR/STTR grants to conduct research in medicine, biotechnology, or life sciences. Since its start, the program has awarded $2.13 million in grants to 30 businesses. These awards matched $45 million in federal grants.[3]

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[1] "About SBIR and STTR," SBIR-STTR America's Seed Fund, U.S. Small Business Administration.
[2] Funding Basics, "How to Apply," SBIR-STTR America's Seed Fund, U.S. Small Business Administration.
[3] Memo from County Executive to Council President, Introduction Staff Report for Bill 22-26, Montgomery County Council, introduced March 5, 2026, pgs. (5)-(7).

The purpose of Bill 22-26 is to reinstate the County's SBIR/STTR Matching Grant Program. The program expired by law on July 1, 2025. If enacted, the Bill would remove the sunset date of July 1, 2025 and reinstate the program permanently.[4] Additionally, the Bill would clarify that businesses that received federal funding between the sunset date and the Bill's effective date can still be considered for the County's matching grant.

According to the County Executive, "[c]ontinuing this important economic development program supports Montgomery County's efforts to position itself as a national center of excellence in life sciences and our standing as one of the nation's leading bioscience hubs."[5]

The Council introduced Bill 22-26 at the request of the County Executive on May 5, 2026.

Information Sources, Methodologies, and Assumptions

As required by Section 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 22-26 on residents and private organizations, using the Council's priority economic indicators as the measure. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.[6]

There is a relatively large body of impact evaluations on the SBIR program and related small-business innovation policies. Due to time constraints, this analysis draws primarily on the Myers, Lanahan, and Johnson (2025) working paper and its synthesis of recent empirical evaluations.[7]

This article was selected because it provides the most recent review of SBIR impact evaluations available and emphasizes studies that use quasi-experimental and other rigorous empirical designs. These designs align with federal and Maryland guidance that treats randomized and quasi-experimental evaluations as strong evidence of policy impacts.[8] In a quasi-experimental study, researchers use naturally occurring rules or timing (for example, when a law starts or where it applies) to compare those affected by the policy with similar groups that are not.[9]

In the sections that follow, OLO summarizes the findings from the Myers, Lanahan, and Johnson review and uses them to draw evidence-based conclusions about how reinstating the County's SBIR/STTR Matching Grant Program would likely affect some of the Council's priority economic indicators.

Scope Limitation: Reinstating the County's SBIR/STTR Matching Grant Program would require an ongoing allocation of County tax revenue to the program, thereby reducing the amount of revenue available for alternative uses. As a result, the overall economic impact of the Bill depends both on the benefits of the SBIR/STTR Matching Grant Program to residents and private organizations, and on the economic trade-offs associated with forgone County revenue. Because OLO cannot determine how the revenue would otherwise have been allocated, this analysis does not assess the impact of alternative public spending.

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[4] Introduction Staff Report for Bill 22-26, pg. 2.
[5] Memo from County Executive to Council President, Introduction Staff Report for Bill 22-26, pg. (5).
[6] Montgomery County Code, "Sec. 2-81B, Economic Impact Statements."
[7] Kyle R. Myers et al., "Small Business Innovation Applied to National Needs," Working Paper 25-062, Harvard Business School, July 13, 2025.
[8] "Definition of Evidence-Based and Levels of Evidence," Maryland State Department of Education, accessed March 20, 2026; Angela Henneberger, "Program Evaluation in the Absence of Randomization: How Can Propensity Score Methods Help?," Maryland Longitudinal Data System (MLDS) Center, June 5, 2018.
[9] Paul J. Gertler et al., *Impact Evaluation in Practice, Second Edition* (Washington, DC: Inter-American Development Bank and World Bank, 2016).

Variables

The economic effects of Bill 22-26 would primarily depend on the following variables:

- Total grant allocations
- Number of grant recipients
- Average grant award

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Evidence of SBIR Impacts

The discussion here draws on Myers, Lanahan, and Johnson's working paper "Small Business Innovation Applied to National Needs" (2025). In their SBIR program evaluations section, they review the academic literature on SBIR, beginning with Lerner (2000), then highlighting more recent quasi-experimental evaluations such as Howell (2017), studies using state-specific matching programs, Myers and Lanahan (2022), and Bhattacharya (2021).

Taken together, the impact evaluations highlighted in Myers, Lanahan, and Johnson show that SBIR has been studied across firm performance, innovation, financing, employment, and spillovers.

- **Firm growth and employment:** Overall, the evaluations suggest that SBIR is positively associated with firm growth but has weaker, mixed evidence on employment: earlier matching-based work finds that SBIR awardees grow faster in sales and employment than comparable firms, particularly in regions with strong venture capital markets, whereas more recent quasi-experimental studies using state matching programs generally do not find significant effects on firms' employment levels.
- **Innovation and spillovers:** Across studies, SBIR clearly boosts firms' innovative activity—namely, higher propensity to patent and receive follow-on venture investment—while also generating sizable knowledge spillovers, with one study finding that "for every patent produced by SBIR awardees, roughly three more are produced by others who benefit from R&D spillovers."
- **Financing and signaling:** Evidence suggests SBIR awards can ease access to external finance and act as a certification device, with studies finding higher follow-on venture investment for marginal winners and showing that SBIR-linked certifications change how outside investors and partners evaluate firms.

Notably, the review does not identify evidence that SBIR harms participating firms. However, some quasi-experimental studies fail to find significant employment effects, and design critiques highlight concerns around repeat awardees and program efficiency.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 22-26 would positively impact certain private organizations in the County.

The Bill would primarily affect businesses that would otherwise not receive the County's SBIR/STTR Matching Grant without the Bill. Since its start, the program has awarded $2.13 million in grants to 30 businesses, which amounts to an average of $71,000 per business.

Based on the evidence of SBIR impacts previously reviewed, the Bill could help certain recipients increase their sales, boost innovation (e.g., patents), and ease their access to external finance. All else being equal, these impacts could boost business profits. However, the evidence suggests the Bill's impact on employment is uncertain.

Given evidence that the SBIR program generates substantial patenting by non-recipient firms, the Bill could also produce smaller, indirect benefits for other County businesses through R&D spillovers.

Beyond these potential impacts, OLO does not expect the Bill to meaningfully impact private organizations in terms of the Council's other priority economic indicators.

Residents

OLO does not anticipate Bill 22-26 to meaningfully impact residents in the County in terms of the Council's priority economic indicators.

Net Impact

OLO anticipates that Bill 22-26 would positively impact overall economic conditions in the County. As previously discussed, the Bill could help certain recipients increase their sales, boost innovation (e.g., patents), and ease their access to external finance, while also producing smaller, indirect benefits for other County businesses through R&D spillovers. These impacts could translate into improvements in local economic development. While this analysis does not evaluate the potential economic impacts associated with alternative uses of funds allocated to the program, the available evidence on SBIR-type interventions suggests the Bill is likely to generate net economic benefits for the County over time.

Discussion Items

Not applicable

Caveats

Two caveats to the economic impact analysis conducted here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does <u>not</u> represent OLO's endorsement of, or objection to, the Bill under consideration.

Contributions

Stephen Roblin, PhD (OLO) prepared this report.