

Resolution No.: 20-491
Introduced: March 12, 2024
Adopted: May 7, 2024

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Council President Friedson
Co-Sponsors: Council Vice-President Stewart, Councilmembers Luedtke, Balcombe, Albornoz,
Katz, Mink, Jawando, and Sayles

SUBJECT: Special Appropriation to the Fiscal Year 2024 Operating Budget
Montgomery County Government Department of Finance
Economic Development Fund New JOBS (Jobs, Opportunities &
Business Support) Initiative \$20,000,000 (Source of Funds: General
Fund Undesignated Reserve)

Background

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than seven Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
2. Montgomery County's efforts to spur economic development and grow jobs in the County are lagging the region. The 2023 Maryland State of the Economy report states that Montgomery County's per capita income growth is among the slowest of its 30 peer counties, ranking 28th. The county also had the lowest number of new business applications of any county in Maryland between 2019 and 2022. While total employment in the County has grown by 9,429 jobs since 2019, the County's total labor force is nearly 25,000 jobs below September 2019.
3. It is imperative that Montgomery County enhance economic development efforts by proactively creating jobs, supporting entrepreneurship, and enticing companies and their workers to move or expand to Montgomery County. It is also critically important to ensure any economic development initiative is equitable so all residents and businesses can thrive and prosper.

4. To enhance economic development, the County Council is creating three separate complementary initiatives: a Job Creation Fund, an Innovation Fund, and an Equity Fund. For each new initiative, the Montgomery County Economic Development Corporation (MCEDC) will administer applications and qualify employers into the program, while the Department of Finance will administer the disbursement of funds through the Economic Development Fund.
5. The County Council has determined the following FY24 appropriation to the Economic Development Fund is necessary to implement these initiatives:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$20,000,000	\$20,000,000	General Fund Undesignated Reserve

6. This special appropriation allocates \$10,000,000 to create a Job Creation Fund that will incentivize creating and filling high-paying jobs in Montgomery County by offering a financial incentive for the creation of jobs paying \$100,000 or more in specific industries. This initiative will provide employers \$10,000 per job created, or \$12,000 per job created if the job is located by the Montgomery County Community Equity Index. Eligible employers would be required to create a minimum of five jobs paying \$100,000 or more with a limit of up to \$500,000 per company. The Job Creation Fund is intended to target industries in the economic strategic plan, along with headquarters and national nonprofit organizations. MCEDC, working with the Montgomery County Business Center, Department of Finance, and Office of the County Executive, will develop specific program criteria for the Job Creation Fund, develop and administer the application and review process, and qualify employers for the program. The Department of Finance will administer the disbursement of funds through the Economic Development Fund in accordance with the program criteria.
7. This special appropriation allocates \$7,000,000 to create an Innovation Fund that will promote innovative technology by supporting prototype development and pilot projects that help advance Montgomery County entrepreneurs towards commercialization. Qualifying companies will be eligible to receive an award up to \$200,000 by meeting criteria such as showing a demonstrated market opportunity, clearly articulated growth milestones, a realistic timeline, and a transparent budget. MCEDC, working with the Montgomery County Business Center, Department of Finance, and Office of the County Executive will develop specific program criteria for the Innovation Fund, develop and administer the application and review process, and qualify employers for the program. The Department of Finance will administer the disbursement of funds through the Economic Development Fund in accordance with the program criteria.

8. This special appropriation allocates \$3,000,000 to create a Founders Equity Fund that will assist early and growth stage, smaller businesses which are majority owned by entrepreneurs from underserved communities and/or located by the Montgomery County Community Equity Index to achieve commercialization and business success. The Founders Equity Fund will provide capital and technical support needed to achieve key milestones toward commercialization and growth. Eligible companies can receive an award up to \$100,000. MCEDC, working with the Montgomery County Business Center, Department of Finance, and Office of the County Executive will develop specific program criteria for the Founders Equity Fund, develop and administer the application and review process, and qualify employers for the program. The Department of Finance will administer the disbursement of funds through the Economic Development Fund in accordance with the program criteria.
9. Notice of public hearing was given and a public hearing was held.

Action

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

1. A special appropriation to the FY24 Operating Budget of the Economic Development Fund as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$20,000,000	\$20,000,000	General Fund Undesignated Reserve

2. The appropriation will be used to develop a Job Creation Fund (\$10,000,000), an Innovation Fund (\$7,000,000), and a Founders Equity Fund (\$3,000,000). For each fund, the Montgomery County Economic Development Corporation (MCEDC), working with the Montgomery County Business Center, Department of Finance, and Office of the County Executive, will develop specific program criteria, develop and administer the application and review process, and qualify employers for the program. The Department of Finance will administer the disbursement of funds through the Economic Development Fund in accordance with the program criteria.
3. The Montgomery County Economic Development Corporation (MCEDC) will provide to the County Council quarterly reports of the progress and disbursements of each fund until all funds are expended.
4. The County Council declares that this action is necessary to act without delay in the public interest, and that this appropriation is needed to catalyze economic development in the County.

This is a correct copy of Council action.



Sara R. Tenenbaum
Clerk of the Council