


MEMORANDUM

January 12, 2018

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Public Hearing:** Bill 41-17, Economic Development Fund – Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program – Established

Bill 41-17, Economic Development Fund – Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program – Established, sponsored by Lead Sponsor Councilmember Leventhal and Co-Sponsors Council President Riemer, Councilmembers Rice, Elrich, Berliner, Katz, Council Vice-President Navarro and Councilmembers Hucker and Floreen, was introduced on December 12, 2017. A Planning Housing and Economic Development Committee worksession is tentatively scheduled for March 5, 2018 at 2:30 p.m.

Bill 41-17 would establish a Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program and define eligibility for the Program.

Background

The Small Business Innovation Research Grant (SBIR) and the Small Business Technology Transfer Grant (STTR) are two different congressionally-mandated grant programs for U.S. small businesses who engage in research and development that has a strong potential for commercialization. Bill 41-17 would establish a County matching grant for those County-based small businesses that receive either a Phase I or Phase II grant under either the SBIR or the STTR from the National Institutes of Health. The County grant would be limited to 25% of a Phase I grant up to \$25,000 or 25% of a Phase II grant up to \$75,000. A grantee would be limited to 1 County matching grant each year and a total of 5 County matching grants under this Program.

The grant program would be administered by the Director of Finance out of the Economic Development Fund, subject to appropriation.

This packet contains:

Bill 41-17

Legislative Request Report

Circle #

1

4

Bill No. 41-17
Concerning: Economic Development
Fund – Small Business Innovation
Research and Small Business
Technology Transfer Matching Grant
Program - Established
Revised: December 12, 2017 Draft No. 2
Introduced: December 12, 2017
Expires: June 12, 2019
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Leventhal
Co-Sponsors: Council President Riemer, Councilmembers Rice, Elrich, Berliner, Katz, Council
Vice-President Navarro and Councilmembers Hucker and Floreen

AN ACT to:

- (1) establish a Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program;
- (2) define eligibility for the Program; and
- (3) generally amend the law governing the Economic Development Fund.

By adding

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

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

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

1 **Sec. 1. Section 20-76E is added as follows:**

2 **20-76E. Small Business Innovation Research and Small Business Technology**
3 **Transfer Matching Grant Program.**

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

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

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

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

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

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

19 (1) has been awarded a SBIR or STTR Phase I or Phase II grant during
20 the current calendar year by the National Institutes of Health; and

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

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

25 (e) *Amount of grant.*

26 (1) An eligible business may receive:

- 27 (A) a match of 25% of a SBIR or STTR Phase I grant, up to a
- 28 maximum of \$25,000; or
- 29 (B) a match of 25% of a SBIR or STTR Phase II grant, up to a
- 30 maximum of \$75,000.

- 31 (2) an eligible business may receive only:
 - 32 (A) one County matching grant under this Program each year;
 - 33 and
 - 34 (B) a total of five County matching grants under this Program.

35 (f) *Administration.*

- 36 (1) The Director must administer the Program.
- 37 (2) The Director must require a business to pay back any grant
- 38 payments received if the business does not remain in the County
- 39 for at least 2 years after receiving the grant payment.
- 40 (3) Grants must be awarded on a first-come, first-served basis.
- 41 (4) An eligible business that does not receive a grant due to lack of
- 42 available funding may be awarded a grant in the following year.
- 43 (5) The Director must reserve 50% of the appropriated funds for
- 44 eligible businesses receiving a Phase I grant and 50% of the
- 45 appropriated funds for eligible businesses receiving a Phase II
- 46 grant.

47 *Approved:*

48

Hans D. Riemer, President, County Council

Date

49 *Approved:*

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Isiah Leggett, County Executive

Date

LEGISLATIVE REQUEST REPORT

Bill 41-17

Economic Development Fund - Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program – Established

DESCRIPTION: Bill 41-17 would establish a Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program and define eligibility for the Program.

PROBLEM: The County needs to encourage economic development in the County.

GOALS AND OBJECTIVES: The goal is to encourage small businesses who receive a federal grant under these programs to locate operations in the County.

COORDINATION: Department of Finance

FISCAL IMPACT: Office of Management and Budget

ECONOMIC

IMPACT: Department of Finance

EVALUATION: n/a

EXPERIENCE

ELSEWHERE: n/a

SOURCE OF INFORMATION: Robert H. Drummer, Senior Legislative Attorney

APPLICATION

WITHIN

MUNICIPALITIES: n/a

PENALTIES: n/a