Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 204 (Chairman, Economic Matters Committee)
(Departmental - Business and Economic Development)
Economic Matters

Maryland Small Business Development Center Program - Repeal

This departmental bill repeals the Small Business Development Center Program at the Department of Business and Economic Development (DBED).

This bill is effective July 1, 1997.

Fiscal Summary

State Effect: Annual federal fund revenues and expenditures of $1.4 million will transfer from DBED to the University of Maryland, College Park. General fund expenditures of $401,000 in FY 1997 and $568,700 in FY 1998 and beyond will also be transferred.

Local Effect: None.

Small Business Effect: The Department of Business and Economic Development has determined that this bill has minimal or no impact on small businesses (attached). Fiscal Services concurs with this assessment.

Fiscal Analysis

State Effect: As of October 1, 1996, the responsibility for the Small Business Development Center Program was transferred from DBED to the University of Maryland, College Park. At this point, DBED retains statutory responsibility for this program, which remains in the department's fiscal 1998 budget allowance. It is assumed that this budget item ($568,700), as well as the funds budgeted to cover October 1, 1996 through June 30, 1997 ($401,000), will be transferred to the University of Maryland, College Park. This, however, is not specified in the legislation. A federal grant of $1.4 million was awarded directly to the Small

Business Development Center Program at the university, though it is still reflected in DBED's budget.

Additional Comments: DBED retained the one full-time equivalent position previously associated with this program, as the university did not require this to be transferred in order to create a position. As the result of administrative action, this position was downgraded and used for a contractual conversion. DBED estimates that the contractual conversion would cost an additional $12,000 per year, which would be funded through the existing budget of the Division of Regional Development.

Information Source(s): Department of Business and Economic Development, Department of Fiscal Services

Fiscal Note History: First Reader - January 21, 1997
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