

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 417 (Chairman, Finance Committee)

(Departmental - Housing and Community Development)

Finance

Referred to Economic Matters

Department of Housing and Community Development -
Neighborhood Business Development Program

This enrolled departmental bill could increase the number of businesses eligible to receive assistance from the Neighborhood Business Development Program by expanding the definition of “small business” to include businesses with annual receipts no greater than limits set forth by regulation. Under current law, the definition of small business is based on number of employees only. The program assists in the development and expansion of small businesses in designated neighborhoods. The bill also allows local jurisdictions to delegate to a designee responsibility for providing a letter of support to the program.

The bill takes effect July 1, 1997.

Fiscal Summary

State Effect: None, as discussed below.

Local Effect: None.

Small Business Effect: The Department of Housing and Community Development (DHCD) has determined that the bill has minimal or no impact on small businesses (attached). Fiscal Services concurs with this assessment as discussed below. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Effect: This bill may (1) expand the number of businesses that would be eligible for assistance from the Neighborhood Business Development Program by expanding the definition of small business, although the number of additional businesses cannot be determined until the level of annual receipts is set by DHCD; and (2) result in an increase in the number of applications for assistance under the current definition because of simplified approval by local governments. The fiscal 1996 and 1997 appropriations for the program were \$7 million each. Since this bill would not affect the overall level of funds available, revenues would not be affected. To the extent that the bill requires procedural changes or results in an increase in the number of applications, the department could handle them with existing resources.

Small Business Effect: Fiscal Services notes that the definition of “small business” as currently set forth in regulation for this program is a business that employs (1) fewer than 500 employees with respect to a manufacturing business; or (2) not more than 100 employees for all other businesses. This bill could allow businesses with more employees to qualify for assistance, based on their annual receipts. The number of additional businesses that would qualify cannot be determined until the level of annual receipts is set by DHCD. Fiscal Services notes that for purposes of economic impact analyses, the definition of small business is a business with 50 or fewer full-time employees.

In addition, small businesses that apply for loans and grants from the Neighborhood Business Development Program may be able to obtain approval faster if the local government involved opts for a simplified approval process. This could result in an increase in the number of applications for assistance.

Information Source(s): Department of Housing and Community Development, Department of Fiscal Services

Fiscal Note History: First Reader - February 14, 1997
lc Revised - Senate Third Reader - March 17, 1997
Revised - Enrolled Bill - April 23, 1997

Analysis by: Sarah Dickerson	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710