

Department of Legislative Services  
 Maryland General Assembly  
 2005 Session

FISCAL AND POLICY NOTE  
 Revised

House Bill 1292  
 Economic Matters

(Delegate Vaughn, *et al.*)

Finance

Small Business Development Center Network - Funding

This bill establishes a Small Business Development Center Network Fund and requires the Governor to appropriate \$750,000 for the fund annually beginning in fiscal 2007. Money from the fund may only be expended to support the operations of the Small Business Development Center Network (SBDC). The bill states that it is the intent of the General Assembly that the Governor include an additional appropriation of \$250,000 for SBDC in the fiscal 2006 budget for the University of Maryland, College Park (UMCP).

The bill takes effect June 1, 2005.

Fiscal Summary

**State Effect:** General fund expenditures would increase by \$250,000 in FY 2006 and by an estimated \$255,000 annually beginning in FY 2007 to make appropriations to UMCP for SBDC. Small Business Development Center Network Fund revenues and expenditures would increase by equivalent amounts.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	\$250,000	\$255,000	\$255,000	\$255,000	\$255,000
GF Expenditure	250,000	255,000	255,000	255,000	255,000
SF Expenditure	250,000	255,000	255,000	255,000	255,000
Net Effect	(\$250,000)	(\$255,000)	(\$255,000)	(\$255,000)	(\$255,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

**Local Effect:** None.

**Small Business Effect:** Meaningful. Additional funding for SBDC would enable it to enhance its services for small businesses.

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## Analysis

**Current Law:** SBDC is funded under a cooperative agreement between the U.S. Small Business Administration, the Department of Business and Economic Development, and the University of Maryland Center for Applied Policy Studies. The State is not required to provide funding for it.

**Background:** SBDC offers free business consulting services to new and existing small businesses. The network has six regional offices located in Bel Air, College Park, Cumberland, La Plata, Salisbury, and Towson.

In its final report, the Governor's Commission on Minority Business Enterprise Reform noted that minority-owned businesses need greater access to capital and credit. One of the recommendations to address this issue was to increase the technical assistance available to minority businesses through increased funding for SBDC. The commission also recommended the establishment of minority participation goals for existing State loan programs and the dedication of a portion of gaming revenues to fund minority loan programs.

SBDC advises that the fiscal 2006 budget for UMCP includes \$495,026 for SBDC. In addition, it is eligible to receive up to \$1.4 million in federal funds. To receive the full federal amount, however, the State would have to provide a 50% match for the funds.

**State Fiscal Effect:** If intent language in the bill is followed, general fund expenditures would increase by \$250,000 in fiscal 2006. Beginning in fiscal 2007, a general fund appropriation of \$750,000 would be mandated. This funding level would represent an increase of \$254,974 over the fiscal 2006 appropriation for SBDC of \$495,026.

Small Business Development Center Network Fund revenues from State appropriations would increase by \$250,000 in fiscal 2006 and by an estimated \$254,974 annually thereafter. The additional funding would be expended to support the operations of SBDC.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** SB 792 (Senator Jones, *et al.*) – Finance.

**Information Source(s):** State Department of Assessments and Taxation, Department of Legislative Services

**Fiscal Note History:** First Reader - February 21, 2005  
ncs/rhh Revised - House Third Reader - March 28, 2005  
Revised - Enrolled Bill - May 5, 2005

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