

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 1254
 Economic Matters

(Delegate Vaughn, *et al.*)

Finance

Small Business Development Center Network Fund - Minimum Appropriation

This bill increases from – \$750,000 to \$950,000 – the minimum general fund appropriation to the Small Business Development Center (SBDC) Network Fund that the Governor is required to include in the annual budget bill beginning in fiscal 2014.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: General fund expenditures increase by \$200,000 annually, beginning in FY 2014 to make the required appropriation to the University System of Maryland (USM) for the SBDC fund. Also, due to meeting a matching fund requirement, federal fund grant revenues increase by \$200,000 beginning in FY 2014. SBDC fund revenues and expenditures increase by equivalent amounts. **This bill increases a mandated appropriation beginning in FY 2014.**

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
SF Revenue	\$0	\$400,000	\$400,000	\$400,000	\$400,000
FF Revenue	\$0	\$200,000	\$200,000	\$200,000	\$200,000
GF Expenditure	\$0	\$200,000	\$200,000	\$200,000	\$200,000
SF Expenditure	\$0	\$400,000	\$400,000	\$400,000	\$400,000
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: No direct effect but increased State funding for SBDC relieves pressure on local jurisdictions to provide matching funds.

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

Analysis

Current Law: The Governor is required to include in the annual budget bill a general fund appropriation of at least \$750,000 to the SBDC Network Fund.

Background: SBDC offers free business consulting services to new and existing small business. The counseling provided ranges from best practices to financing to bringing all appropriate or applicable resources to the table. The network has six regional offices located in Baltimore City, Bel Air, College Park, Frostburg, La Plata, and Salisbury.

State Fiscal Effect: Beginning in fiscal 2014, a general fund appropriation of \$950,000 will be mandated. This funding level is an increase of \$200,000 over the mandated fiscal 2013 appropriation for SBDC.

SBDC advises that it is eligible to receive up to \$1.9 million in federal funds. To receive the full federal amount, however, SBDC has to show a one-to-one match for the funds. SBDC reports that, in addition to State funds, it receives funding from the counties and Baltimore City, due to financial constraints, funding from the counties and Baltimore City has declined. Thus, absent the bill, SBDC will lose \$200,000 in federal matching grant funds in fiscal 2014.

SBDC fund revenues increase by \$200,000 from the State appropriation and by \$200,000 from federal matching grant funds in fiscal 2014. The additional funding will be expended to support the operations of SBDC.

Additional Information

Prior Introductions: None.

Cross File: SB 1030 (Senator Mathias, *et al.*) - Finance.

Information Source(s): Department of Business and Economic Development, Department of Budget and Management, University System of Maryland, Small Business Development Center, Department of Legislative Services

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