

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 657
(Senator Benson)
Budget and Taxation

Prince George's Financial Services Corporation – Funding

This bill requires the Governor to appropriate \$420,000 to the Department of Commerce in the annual budget bill for fiscal 2024 to be used as an operating grant to the Prince George's Financial Services Corporation (FSC). The grant may only be used to support small business owners in Prince George's County as specified in the bill, which includes improving small business capacity, resiliency, and ability to remain competitive in the marketplace and providing access to capital, training, technical assistance, and other resources. The Office of Legislative Audits (OLA) must audit the use of these funds. **The bill takes effect July 1, 2022, and terminates December 31, 2023.**

Fiscal Summary

State Effect: No effect in FY 2023. General fund expenditures for Commerce increase by \$420,000 in FY 2024 to provide an operating grant to FSC. Operational effects for OLA are discussed below. Revenues are not affected. **This bill establishes a mandated appropriation for FY 2024.**

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	420,000	0	0	0
Net Effect	\$0	(\$420,000)	\$0	\$0	\$0

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

Local Effect: No direct effect on local governmental operations or finances as FSC is a quasi-governmental entity.

Small Business Effect: Potential meaningful.

Analysis

Current Law: FSC is an autonomous agency funded by Prince George's County and is responsible for promoting the availability of Small Business Administration (SBA) and nonSBA economic development financing programs and providing access to conventional financing to support the growth and development of small and minority-owned businesses in Prince George's County.

FSC is a fund manager for the Small, Minority, and Women-Owned Businesses Account (SMWOBA). Grants from SMWOBA go to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State. Fund managers must allocate at least 50% of available funds to eligible businesses in the jurisdictions and communities surrounding the State's video lottery facilities.

State Expenditures: To meet the bill's mandated appropriation, general fund expenditures for Commerce increase by \$420,000 in fiscal 2024 to provide an operating grant to FSC.

The bill adds a mandated audit of FSC to existing OLA audit requirements. OLA advises that it cannot accommodate additional audits within existing resources without negatively impacting current audit work plans. Therefore, the bill either (1) results in the reallocation of resources from other regular and required audits, which may result in significant delays in their completion or (2) requires additional personnel. Hiring a contractual staff auditor at a salary of \$57,500 for one year in fiscal 2024 would cost approximately \$67,800, including salary and fringe benefits. This analysis assumes OLA delays other audits in fiscal 2024 as opposed to hiring a contractual auditor.

Small Business Effect: Small businesses in Prince George's County may benefit from receiving capital, training, technical assistance, and other resources from FSC.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 567 (Delegate D. Barnes) - Appropriations.

Information Source(s): Prince George's County; Department of Commerce; Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2022
js/ljm

Analysis by: Heather N. MacDonagh

Direct Inquiries to:
(410) 946-5510
(301) 970-5510